

WEEK
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BUSINESS WEEK



Suez: Key to the Middle East highway to the Orient — and crossroads of World War

BUSINESS
WEEK
INDEX

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Citation



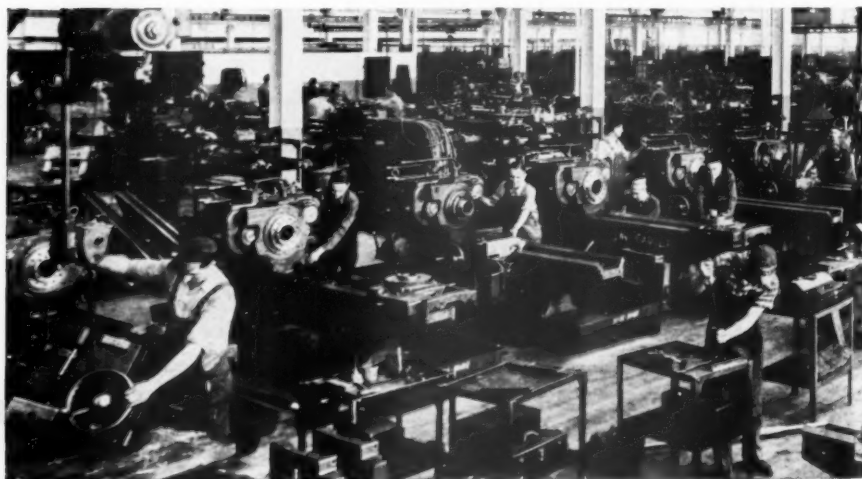
FOR THE GOOD SOLDIERS ON AMERICA'S PRODUCTION LINES

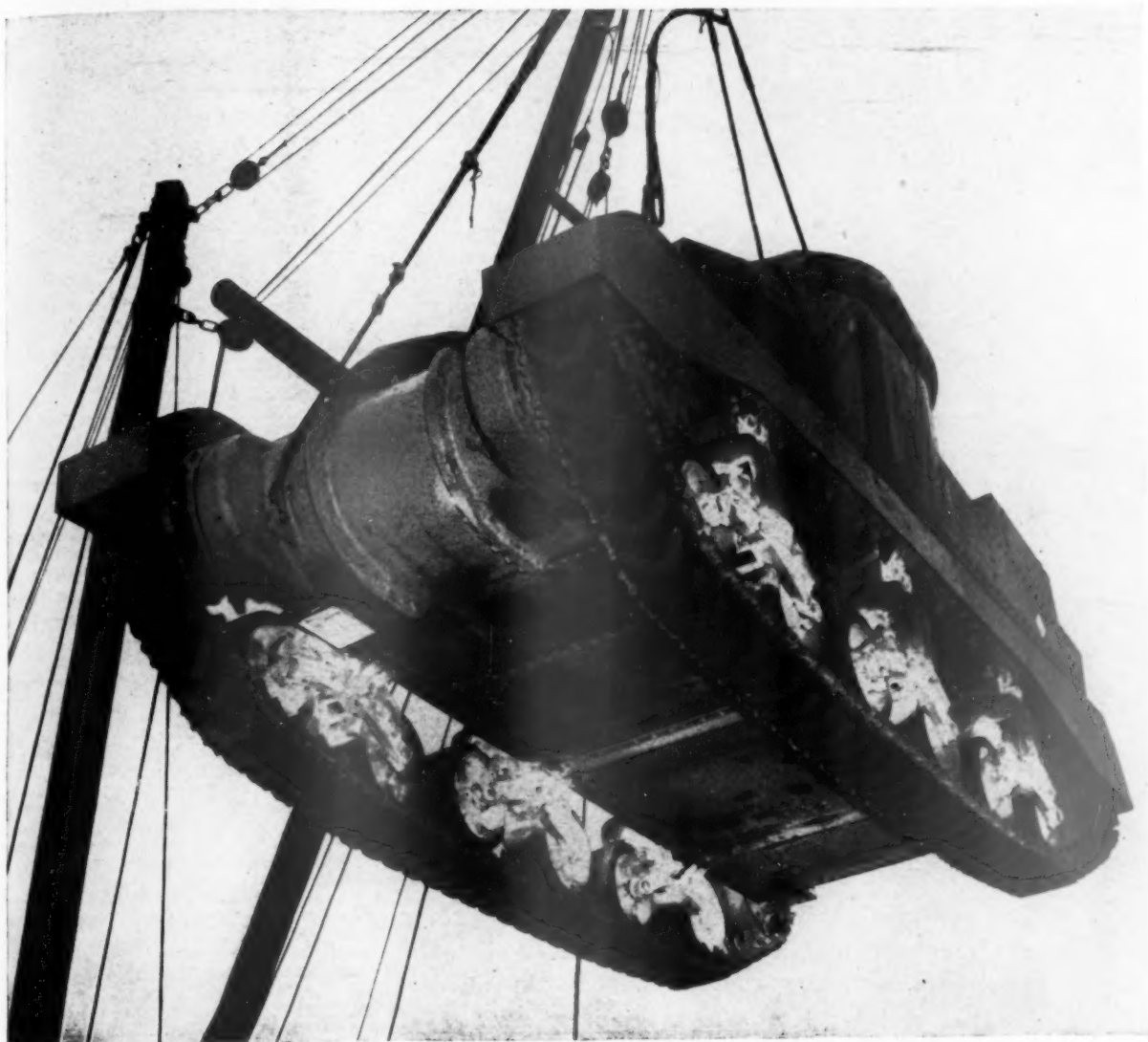
Before victories can be won on *battle* lines they must be won on *production* lines—and hundreds of loyal American workmen are winning them. Warner & Swasey has designed this citation for such men—workmen whose practical ideas, initiative and extra effort are increasing vital production for war.

These men swap their ideas every month in Blue Chips—a little paper published by Warner & Swasey but written for and mostly by turret lathe operators all over America. If you would like your turret lathe operators to have it, send us their names. The reports in it of what other workmen are doing to increase production may encourage and inspire them, too. There is no cost. We want to work with you in any possible way to help your men turn out the guns and planes and shells in time for victory.



YOU CAN TURN IT
BETTER, FASTER,
FOR LESS... WITH A
WARNER & SWASEY





The Tires that Go to Sea

A typical example of B. F. Goodrich leadership in truck tires

YOU don't see the tires? Look closely and you'll find 12 of them—solid rubber tires on the "bogies" wheels that carry the endless track. And the track itself is rubber—a "square tire" we call it.

Many, many thousands of special B. F. Goodrich tires on all manner of combat vehicles are going to sea these days. They're the tires that you might have had if it were not for the war. But it makes you feel good, doesn't it, to think of the vastly more important job those tires are doing today.

B. F. Goodrich now supplies tires for essential civilian use as well as for military purposes. Tires which conserve rubber by providing more mile-

age per pound of casing. We don't ask you to buy tires today. Instead we say, guard your tires carefully, make them give the last, final mile of service for your country. And then, when you must buy, get good tires.

B. F. Goodrich Speedliner Silver-towns for trucks and buses have an amazing record for long mileage in all types of service. They are built with a broad, flat-tened tread construction. They're made with Duramin, the famous B. F. Goodrich discovery that keeps rubber young. Two of many reasons for extra miles.

Free Book for Truck Owners

To get more extra miles from Silver-towns or any other tire we suggest you write for a free copy of the new Operator's Handbook. It contains 100 pages of practical tire information. It will save you money, make your tires last longer. Write The B. F. Goodrich Co., General Offices, Akron, Ohio, or Los Angeles, Calif.

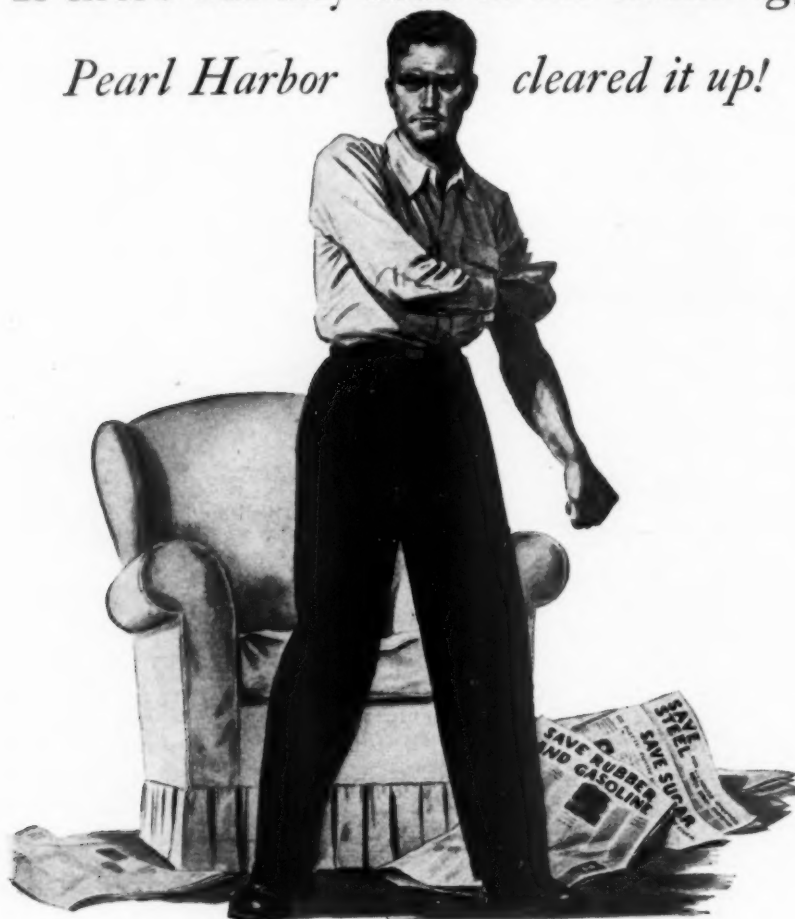


In war or peace
B.F. Goodrich
FIRST IN RUBBER



If there was any mud in his thinking,

Pearl Harbor cleared it up!



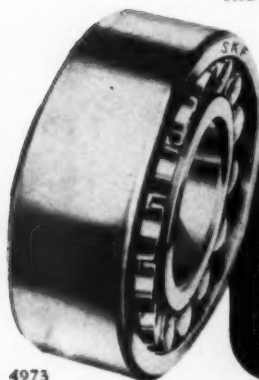
Meet Mr. American Citizen, civilian model.

He's in this thing now, to a finish. They can ration his sugar, tie up his car, war-tax him within an inch of his pay check . . . and he'll say, "Is *that* all you want of me?"

As he sees the soldiers go off to this world-wide war, he wishes he were young enough, or strong enough, or free enough to go along himself.

But that's not in the cards. O. K. He'll work harder at his job, buy more bonds and stamps, study his first aid book more earnestly . . . and grin at every civilian deprivation they throw his way. For he knows at last what this war's about, and . . .

. . . he's all-out to do what he can to win it, quick.



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BALL AND ROLLER
BEARINGS

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BUSINESS WEEK and The ANNALIST

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Business Week • July 11, 1942

WASHINGTON BULLETIN

WHAT THE WASHINGTON NEWS MEANS TO MANAGEMENT

Who's Going to Stop Inflation?

Inflation is a hateful word. No one says anything good about it.

Yet it's increasingly evident that nobody in Washington intends to do anything really effective toward preventing inflation. Maybe there's confusion over methods. Maybe it's politics. Surely there's some double talk in high places where the threat of inflation is officially deplored.

Anyway, if inflation comes, the Administration intends to see that it's the "right kind"—that it advances historic New Deal aims. In the light of these aims, watch several pending developments:

The cut in OPA appropriations.

The fight over subsidies to brace price ceilings.

The deadlock over below-parity sales of government-held farm products.

Continued upward adjustment of wages.

Threat to High Incomes

The Administration was all for heading off inflation if this could be done by enormous taxes—levies that came largely out of the upper brackets and that might have been counted on to modify the economy profoundly. Now that they have been stymied on this tax program, the planners are beginning to argue that guided inflation can end up with much the same result.

The important thing about inflation is the way it operates as a redistributor of wealth—taking from those with relatively rigid incomes and giving to those with more flexible incomes. Traditionally, the beneficiaries are the speculator, the employer, the landowner; sufferers are the bondholder, the pensioner, the salary and wage earner.

Yet there is nothing sacrosanct about this pattern. If the nature of the relative rigidities should change, inflation could move wealth in other than the normal directions. Freak rigidities (ceilings on manufacturers' prices) can exist in a war economy, and so can freak flexibilities (ability of wages to outstrip prices).

• **What's in View**—Every effort is going to be made to keep prices from running away. Wages will be allowed to go up faster than living costs. Management's pay and profits are in the middle.

Battling for Position

Deliberate use of inflation as a political device is not unprecedented. The

Bolsheviks made use of it in 1917-18. So far there is no sign of such cold-blooded deliberateness here.

Reasonably sounding arguments are advanced that "hot money" must be located and taxed. And every individual will have more and more hot money as things to spend it on become increasingly scarce.

Or the argument is based on "ability to pay," disregarding the fact that no one is "able" to pay the sort of taxes that would be required to have any influence on inflation.

Behind these sweetly reasonable trap-pings is the brutal reality of a naked, many-sided battle among all groups in the community. The prize is the limited present supply of civilian goods and preferred position after the war.

Compromise on Steel Pay?

Best guess is that War Labor Board will grant a cash wage increase of 50¢ or so to Little Steel workers, with retroactive pay in bonds. This boost would represent about half the increase in the cost of living shown by the record in the case.

The board was thrown into a flurry this week by the President's remark at Tuesday's press conference that an increase in steel wages would contribute to the rise in the cost of living. The board doesn't know whether to take that as a directive or to reach an independent decision. The obvious expectation, then, is a half-a-loaf compromise, which begs the issue.

The White House is not meeting squarely any major issue which excites the popular interest. Until it does, WLB, OPA and other administrative agencies either won't or can't act decisively.

OPA Cultivates Labor

"The crazy quilt economic theory of the Office of Price Administration gave comfort to all enemies of labor."—That's a quote from Philip Murray at the Little Steel hearings, and it reflects a view too common in labor circles for OPA's comfort. So it is setting up a Labor Policy committee to convince labor that OPA has the workingman's interest at heart.

Robert R. R. Brooks, formerly with WPB and a teacher of industrial relations, heads a committee of nine union leaders—three from the C.I.O., three from A.F.L., and three from the Railway Labor Organizations.

The committee will stay on safe ground, won't tackle such sticklers as

the impact of wage increases on prices. Instead, it will work with labor in its role as consumer. Subcommittees are being set up to deal with rent, prices, rationing, and quality of merchandise. Data gathered in these fields will be funneled through union headquarters and union publications to laborers and their families.

• **Back Door**—OPA, which can't diplomatically or effectively try to stop wage increases, wants to get its point of view across to labor by enlisting the unions as an ally in making GMPR compliance effective.

Price—and Wage—Freeze

OPA is heading into one of its toughest fights involving the relationship of wages and prices in the regulation it is now drafting to put a ceiling over construction prices (BW—Jun. 20'42, p7). But it has the support of an agreement between the AFL building trades unions and the Department of Labor.

OPA's scheme is to freeze the price of a construction job at cost of materials plus labor charges at the rates of a base date, plus a specified percentage markup. Original intention to use a March base date for labor rates has been abandoned in favor of a July 1 date—which ties the price regulation in with the A.F.L.-Department of Labor agreement.

That agreement specifies that the Department will accept the union rates of July 1 in setting the minimum wage rates on federal construction, as required by the Bacon-Davis Act. The A.F.L. agreed not to ask for wages higher than the July 1 rates except with the approval of a Wage Adjustment Board made up of representatives of the union and the federal construction agencies under the chairmanship of Labor's Assistant Secretary Daniel Tracy.

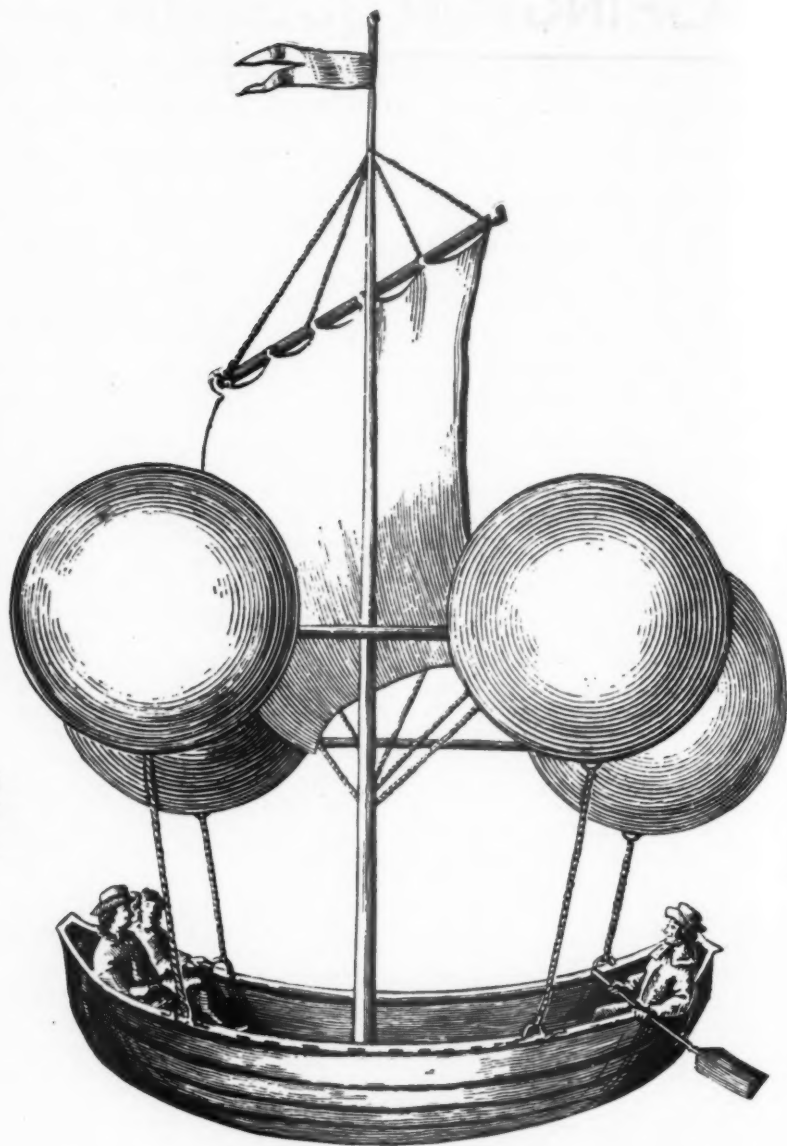
• **Double Check**—Thus, a wage increase would have to be approved by the Wage Adjustment Board and also run the gauntlet of OPA appeals procedure.

Emphasizing Wage Stabilization

In its decision granting wage increases in nine New England textile mills, the National War Labor Board shows that it regards standardization of the wage pattern in an industry more important than the merits of individual cases.

The increases (6¢ for those paid 65¢ an hour, 7¢ for those paid less, and 5¢ for those paid more) were necessitated, the board said, in order to narrow a

Every
new
idea
may not
click...



—but those that do make history!

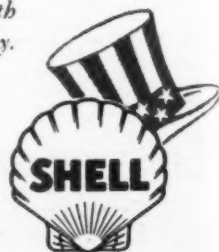
Shell men may not ring the bell *every* time they advance an idea, but their practical suggestions *have had* real dollars-and-sense value to manufacturers in dozens of different industries. Time and again their suggestions have been the starting point for increased production, longer machine and tool life, improved product finish.

Take the case of the manufacturer who is

machining gears for army tanks... By using Shell's improved method of balanced lubrication, gears were turned out 50% faster; finish was improved. And this was accomplished without the purchase of any new equipment.

Because you are looking for worth-while ideas like this, why not "talk it over" with the Shell man? Sail him in today.

SHELL INDUSTRIAL LUBRICANTS
★ ★ ★ ★ ★



wage differential created by recent increases in the New York metropolitan area. The board feels that the mills as a group can meet the increase without breaking through wage ceilings, and the fact that some of the high-cost mills cannot do so must be overruled in the interest of wage stabilization.

The board also rejected the argument that production prospects of the mills are poor, on the ground that it cannot approve a "relatively low wage schedule" merely because the "overall necessities of a war" result in decreased production and high costs in a consumer goods industry. The union had asked for 10¢; the companies had offered 5¢.

No Moratorium on Debts

The Treasury is now soft pedaling talk about a debt moratorium, but the Senate Finance Committee will probably reopen the whole question of debt repayment under the proposed tax structure.

A general moratorium is pretty much out of the question. (The President's anti-inflation program said we should pay off our debts to keep down our purchasing power.) Present thinking in Congress favors a tax exemption for savings or for income devoted to debt repayment. The subject bristles with practical objections, however, and any discussion is likely to be sterile.

Premature announcement and careless phrasing made it look like the Treasury was recommending a general moratorium on debts. Actually, all it did was submit a memorandum on debt repayment to the Ways and Means Committee. Among other ways of handling the problem the memo mentioned a moratorium.

• **Your Italics, Mr. Morgenthau!**—"From the tax point of view," said the Treasury, "this solution would be the best of all." Failure to italicize "from the tax point of view" was what put the Treasury on the spot.

Draft Status of Married Men

Current confusion over draft status of married men is due to the fact that Selective Service is now in a transition period as regards deferment because of dependency.

Until the passage of the Allotment Act last month, dependency was a strictly financial affair. That act provided for recognition of family relationship as the major factor in determining dependency (BW-May30'42,p8).

Difficulty in making the transition is that few local boards have any pool of 1-A registrants with which to meet their quotas. Procedure is that recent reg-

istrants are continually being classified, and those put into 1-A are almost immediately inducted.

In order to avoid a hiatus in meeting calls for men, those who were in process of classification when the act passed are still being classified under the old rules—so that some married men are still being inducted. Within a few weeks, it is expected that nearly all draft boards will be making their classifications on the new basis.

Dividing Up the 3-A's

Before long the draft status of men with dependents will be settled. Only single men (and those married after Dec. 8) will be drafted. Meanwhile, local boards will divide up their 3-A registrants into several categories:

- (1) Married men without children.
- (2) Married men with children.
- (3) "Hardship" cases (men with dependents who could not get along on the federal allotments which become payable in November; it is assumed that this last class will be small, perhaps 10%).

No local board is supposed to start cutting into its 3-A's (except to correct improper classifications) until it has exhausted its 1-A's. And when it does, it's supposed to take all in one category before going into the next.

Selective Service tries to adjust local board quotas of men to be drafted so that all boards will move into a particular category at about the same time. If a board is given a quota that doesn't

conform to this, it can and should object to its state director.

• **War Workers**—Present division between 3-A's and 3-B's (men in essential industries) is expected to continue. Probably 3-A's in each category will be called ahead of 3-B's in the same category.

Cutting Down on Reports

Business men, up to their ears in paper work incident to the war effort, were cheered by one July 4 announcement from Washington. Chairman Nelson of the WPB revealed the formation of a committee to reduce that particular form of red tape. The group is headed by Joseph I. Lubin, a New York accountant.

Its job will be to abolish immediately unnecessary forms and questionnaires, to consolidate those remaining, to keep down the issuance of new WPB forms requesting information from industry. All forms now in use will continue Oct. 1 unless notice to the contrary is given.

Relief for Machinery Makers

Machinery builders' faint hopes that revision of Price Regulation 136 (BW-May23'42,p74) would move their price base from October, 1941, up to March, 1942, proved nothing but hopes. However, they are reasonably well satisfied with the revised version. Particularly welcome is the March base for the ceiling price on machinery parts, manufacture of which is likely to be a short-

Priorities on Propaganda

As one of his first official acts, Elmer Davis, head of the new Office of War Information has established priorities on propaganda. Just released for the guidance of radio stations and other mediums of communication is a list showing the order of importance of thirty-odd specific subjects on which various government departments are releasing information. Here they are with their ratings:

AA—Recruiting (for the armed forces and the merchant marine), WPB's Production Drive, price control, salvage of rubber, War Bonds and Stamps, Department of Agriculture's grain storage efforts (in the Middle West and West Coast).

A—Automobile and truck pooling, gasoline rationing, labor recruiting and training, need for nurses, enrollment in Office of Civilian Defense services, recruiting of shipyard work-

ers, Bureau of Reclamation enterprises (in area west of Denver), farm labor shortage (in areas designated by U. S. Employment Service), increased production of farm supplies vital to war.

B—Salvage of scrap metal and rags, nutrition drive, OCD's dissemination of first aid information, Labor Department's child welfare program, information on other Latin American republics, Bonneville power program (in Pacific Northwest), forest fire prevention (in mountain regions), Agriculture Department's special drives to move food surpluses.

C—Electric power conservation, conservation of household equipment, WPA concerts, civil service war jobs, mine safety (in coal and metal mining areas), Interior Department's grazing service (in Northern Rocky Mountain area).

Availability



An efficient world-wide distributor organization makes Willson Safety Service and Equipment available to all industry, everywhere.



Consult your local Willson Safety Service Representative for information on the specific Willson Goggles, Respirator, Gas Mask or Helmet to protect your workmen.

GOGGLES • RESPIRATORS • GAS MASKS • HELMETS

WILLSON
DOUBLE
PRODUCTS INCORPORATED
READING, PA. U.S.A. Established 1870

WASHINGTON BULLETIN (Continued)

run operation under heavy expenditure.

The burdensome requirement of reporting a complete price list on parts is eliminated. Provision is made for charging overtime labor costs and other cost factors arising from rush work on machinery.

Stepping Up Power Output

WPB wants to see the utilities to step up the rating of power plant electrical equipment so as to get more energy with the same plant and to permit design of new layouts with less equipment.

WPB's power branch feels that modern transformers and generators can (as they often do) carry up to 25% more load than nameplate ratings indicate. At the branch's suggestion, Donald Nelson asked the National Electrical Manufacturers Association to file a formal report recommending exactly what can be done.

A combination of revised nameplate nomenclature and a priorities policy of assessing equipment priorities requests on the basis of the wartime performance ratings can put this machine "speedup" into effect.

Britain Aids Small Retailers

OPA executives are watching closely the fate of a proposal just made by government officials in London to come to the aid of the war-squeezed small retailer.

Key to the new scheme is a system of compulsory insurance to provide funds for the future reestablishment of small shops. To create this fund, all retailers except those with a turnover of less than \$4,000 a year would pay a levy of 1% on gross turnover. From the fund, payments up to 5% of annual turnover would be made to small shopkeepers who closed their businesses. This, it is estimated, is enough to cover fixed obligations while the shop is closed. Another fund would help provide capital to resume business after the war.

Coming: Shorter Shortages

OPA researchers, just home from London, predict drastic changes in the appearance of the United States during the next six months.

Fresh from England where all types of products from clothes to kettles are drastically rationed, these researchers declare that "utility clothes" (BW—Jan. 31'42, p34) have become popular, shoes have been reduced to a half dozen styles and colors, and automobiles have almost disappeared from the roads since gasoline for pleasure driving is banned.

And the Sugar Piles Up

Sugar storage is the latest headache in connection with the commodity. Because of rationing, all supplies in excess of permissible allowances stay in the hands of the refiners and are now beginning to tax warehouse space to capacity.

Latest idea is to have consumers do the storing—allow them to buy up their supply for several months. Nothing has been done about it yet, although OPA has given a "bonus" of two extra pounds on ration ticket No. 7 and increased the allowance for institutional and industrial users.

• **Pass Buck to Grocers?**—An earlier idea was to clean out the warehouses by urging grocers to lay in supplies. Trouble with this scheme was that it passed the basic problem—storage space—intact from refiner to grocer and solved nothing. Grocers furthermore probably wouldn't want to tie up much money in a commodity whose demand is controlled by the government.

Capital Gains (and Losses)

As one example of the Elmer Davis influence in the Office of War Information, watch for a trend toward propaganda aimed at stimulating post-war internationalism. OWI is readying material emphasizing what nice people our allies are and the importance of joining with them in a just peace.

Harold Ickes is being talked up as just the man to coordinate rubber—along with oil. As usual, the suggestion is coupled with attacks on Jesse Jones, but for once some kind words for the embattled moneylender are being poured into the President's ear by his intimates.

A big rubber company has perfected a tubeless tire. Military significance makes this very hush-hush. And incidentally, WPB says fruit growers shall no longer burn old tires to smudge orchards when frost threatens.

Control over alien property has been divided between Alien Property Custodian Crowley and Secretary Morgenthau, as expected (BW—Jun. 6'42, p15). The Treasury will continue to handle frozen funds and financial transactions. APC will handle alien owned or controlled business enterprises.

Concentration of manufacture of civilian goods, slow in getting started, now is in the cards for a score of industries. It came first in stoves (BW—May 23'42, p16). Now it is announced for porcelain enamel hollow ware; of 17 plants, only five will continue to make pots and pans.

—Business Week's
Washington Bureau

FIGURES OF THE WEEK

THE INDEX (see chart below)

PRODUCTION

	\$ Latest Week	Preceding Week	Month Ago	6 Months Ago	Year Ago
Steel Ingot Operations (% of capacity).....	97.7	96.5	99.3	93.8	94.9
Production of Automobiles and Trucks.....	22,680	22,935	21,975	18,535	96,457
Engineering Const. Awards (Eng. News-Rec. 4-week daily av. in thousands)....	\$38,914	\$37,991	\$44,964	\$14,242	\$29,989
Electric Power Output (million kilowatt-hours).....	3,424	3,457	3,372	3,289	2,904
Crude Oil (daily average, 1,000 bbls.).....	3,297	3,719	3,602	4,038	3,658
Bituminous Coal (daily average, 1,000 tons).....	1,896	1,854	2,092	1,632	1,881

TRADE

Miscellaneous and L.C.L. Carloadings (daily average, 1,000 cars).....	80	79	79	85	90
All Other Carloadings (daily average, 1,000 cars).....	63	62	62	45	61
Money in Circulation (Wednesday series, millions).....	\$12,416	\$12,231	\$12,141	\$11,161	\$9,704
Department Store Sales (change from same week of preceding year).....	-8%	+9%	-12%	+39%	+23%
Business Failures (Dun & Bradstreet, number).....	186	198	191	136	216

PRICES (Average for the week)

Spot Commodity Index (Moody's, Dec. 31, 1931 = 100).....	231.8	229.7	228.3	221.0	203.8
Industrial Raw Materials (U. S. Bureau of Labor Statistics, Aug., 1939 = 100)...	155.0	154.9	152.3	150.1	140.5
Domestic Farm Products (U. S. Bureau of Labor Statistics, Aug., 1939 = 100)...	181.1	179.3	181.3	173.9	146.7
Finished Steel Composite (Steel, ton).....	\$56.73	\$56.73	\$56.73	\$56.73	\$56.73
Scrap Steel Composite (Iron Age, ton).....	\$19.17	\$19.17	\$19.17	\$19.17	\$19.17
Copper (electrolytic, Connecticut Valley, lb.).....	12.000¢	12.000¢	12.000¢	12.000¢	12.035¢
Wheat (No. 2, hard winter, Kansas City, bu.).....	\$1.09	\$1.12	\$1.10	\$1.23	\$0.98
Sugar (raw, delivered New York, lb.).....	3.74¢	3.74¢	3.74¢	3.62¢	3.45¢
Cotton (middling, ten designated markets, lb.).....	19.83¢	19.22¢	18.77¢	18.33¢	14.72¢
Wool Tops (New York, lb.).....	\$1.222	\$1.195	\$1.215	\$1.271	\$1.248
Rubber (ribbed smoked sheets, New York, lb.).....	22.50¢	22.50¢	22.50¢	22.50¢	21.63¢

FINANCE

90 Stocks, Price Index (Standard & Poor's Corp.).....	67.6	65.5	66.6	71.5	80.1
Medium Grade Corporate Bond Yield (30 Baa issues, Moody's).....	4.31%	4.34%	4.32%	4.33%	4.29%
High Grade Corporate Bond Yield (30 Aaa issues, Moody's).....	2.83%	2.84%	2.86%	2.84%	2.75%
U. S. Bond Yield (average of all taxable issues due or callable after twelve years)...	2.34%	2.34%	2.32%	2.40%	2.18%
U. S. Treasury 3-to-5-year Note Yield (taxable).....	1.17%	1.17%	1.08%	1.02%	0.67%
Call Loans Renewal Rate, N. Y. Stock Exchange (daily average).....	1.00%	1.00%	1.00%	1.00%	1.00%
Prime Commercial Paper, 4-to-6 months, N. Y. City (prevailing rate).....	1-1/2%	1-1/2%	1%	1-1/2%	1%

BANKING (Millions of dollars)

Demand Deposits Adjusted, reporting member banks.....	25,502	25,948	25,483	23,650	23,949
Total Loans and Investments, reporting member banks.....	32,382	31,587	31,679	30,085	28,325
Commercial and Agricultural Loans, reporting member banks.....	6,469	6,505	6,542	6,726	5,898
Securities Loans, reporting member banks.....	912	844	931	957	981
U. S. Gov't and Gov't Guaranteed Obligations Held, reporting member banks...	18,232	17,361	17,226	15,049	14,293
Other Securities Held, reporting member banks.....	3,410	3,508	3,548	3,666	3,579
Excess Reserves, all member banks (Wednesday series).....	2,260	2,650	2,780	3,085	5,265
Total Federal Reserve Credit Outstanding (Wednesday series).....	2,873	2,698	2,723	2,361	2,273

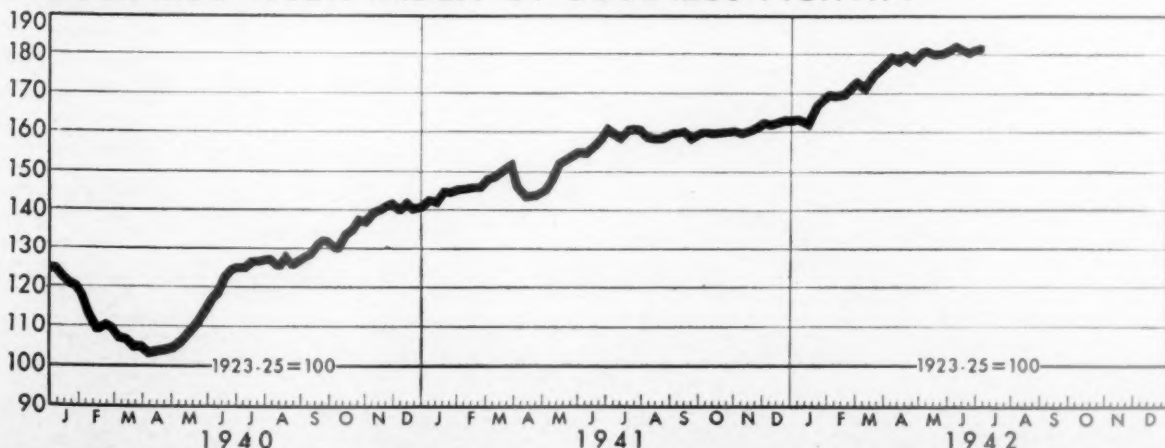
*Preliminary, week ended July 4th.

† Revised.

‡ Ceiling fixed by government.

§ Date for "Latest Week" on each series on request.

BUSINESS WEEK INDEX OF BUSINESS ACTIVITY



NEED MOTORS?

4 Things To do

.. TO GET THEM FASTER



1

USE STANDARD MOTORS

Wherever possible, select standard, open, sleeve-bearing motors. Building fewer "specials" means faster and greater production of motors for you and others engaged in essential war work.



2

PLACE ORDERS EARLY

Order the motors when you order, or plan for, the equipment they are to drive. Avoid delay and "mix-ups" by giving complete specifications; i.e., type, horsepower, speed, voltage, phases, frequency, enclosure, mounting, time rating.



3

SEND PROPER PRIORITY

Be sure correct priority papers accompany your order and that the priority rating reflects the urgency of the motor's use in the war effort. The filling of many motor orders is delayed because of incomplete priority information.



4

CHECK G.E. FOR WAREHOUSE STOCKS

A supply of many standard motors is kept on hand to meet urgent war needs. Perhaps the motor you want, or can use with a few simple changes, is available for immediate shipment.

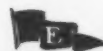
Tri-Clad motors are available up to 100 hp in standard, open construction. Ask your G-E representative for details on other types and ratings.



Your aid on these 4 points will help us to produce and deliver more motors. Your choice of Tri-Clad motors will give you extra protection against (1) physical damage, (2) electrical breakdown, (3) operating wear.

TRI CLAD MOTORS

REG. U.S. PAT. OFF.



General Electric and its employees are proud of the Navy award of Excellence made to its Erie Works for the manufacture of naval ordnance.

GENERAL ELECTRIC

THE OUTLOOK

"The Big Job Is Ahead of Us"

War output must be doubled and price control efforts must be redoubled. Farm problems bedevil OPA. But farmers' income is headed toward a new record.

Reorganization of the War Production Board this week marks another milestone in the nation's war effort. Achievements in the Battle of Production have already been remarkable. But, as Robert Nathan, WPB's planning committee chief, put it this week: "The big job is ahead of us and not behind us."

In the last analysis, production can only be evaluated against the course of the war. And the German push this week in the Kursk-Kharkov sector (page 32), the Japanese capture of another link on the all-rail route to southeastern Asia, and the continuing threat to Alexandria and Suez, are proof that we have far from enough material yet to take the offensive to victory.

Squeeze, Cut, Synchronize

Keynoting the new drive, Nathan says "Our resources must be used to the limit." To attain the goals set, we must more than double our output of planes, ships, tanks, and trained troops. From here on in, that means that WPB has to squeeze the last ounce of raw material out of our capacity, cut military specifications for supplies to minimums, and synchronize the flow of raw and semi-finished products so that final arms assembly moves at top speed.

Here the Office of Price Administration has a part to play. OPA is working out pricing formulas for armament products. Ceilings have been set on industrial machinery, and an aircraft price regulation is "in the works." The WPB, the government buying agencies, and now OPA are continually pressing for lower production prices. What's involved is more than the danger of inflated war costs. Price control is one way to stimulate efficiency, to achieve the necessary maximum of arms output.

Political Damage

That's one reason why administrative economists get so upset by the kind of pressure politics now hampering the inflation fight—the job is tough enough as it is. The President is urging Congressional leaders to take up some of the slack in the inflation fight rope. But much permanent damage will have been done.

Take subsidies (page 15). Business

was reconciled to subsidies in the first place only because Henderson had said again and again that no relief from the squeeze could be expected by puncturing retail ceilings. But canned fruit and East Coast "gas" ceilings have been cracked. Now, even if OPA should get subsidy funds soon, its job in getting business to accept them in lieu of further punctures will be ten times harder.

Threat to Confidence

And what if prices were raised, slowly but surely? The price level might go up only 5% or 10% in the next few months. But public confidence in price control—perhaps the chief factor in its success—might collapse. In any case, political bargaining for economic advantage would be harder to stop, consumer

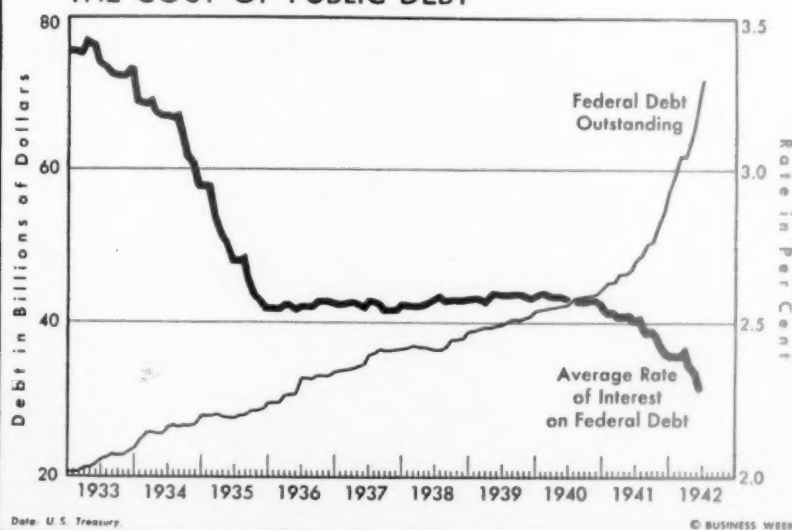
and retailer evasions of ceiling and rationing regulations would mount, and new buying waves might be touched off.

Right now, OPA has more problems with farm prices. Vegetable canners want the higher prices fruit canners got last week. And packers are being caught in a squeeze. Pork products are limited by ceilings, but live hog quotations, spurred by Army and lend-lease buying, continue rising. OPA alternatives, lacking subsidies, are to freeze hog prices or puncture another of its cherished ceilings.

Cattlemen have a different complaint—that beef ceilings are too low for profitable finishing of animals in the feed lots, and the nation's meat production will suffer. Meanwhile, Congress continues to battle over 100%-of-parity loans and Commodity Credit Corporation power to sell feed wheat below parity (page 84).

All of which implies that the farmer is far from being the economic problem he was in the "Thirties. Indeed, income from marketings and government payments in the first five months of this year ran \$1,500,000,000 ahead of the

IN THE OUTLOOK:
THE COST OF PUBLIC DEBT



In line with the Treasury's easy money policy for financing the war, the average rate of interest on the outstanding public debt declined in June to a new low of 2.285%. That's because much of the new debt contracted over the past year was in short-term paper. Yields on currently issued obligations range from 0.365% on Treasury bills

to 2.9% on Series E Savings bonds. The average rate appears "ceilinged" at 2.5%, the return set for the bulk of the new long-term bonds. With the public debt due to jump \$50,000,000,000 in the next year, each 0.1% cut in average interest rates would save, at the June 30, 1942, debt level, \$125,000,000 annual charges.



HIGHWAY AIRFIELD

Opening of the nation's first flight strip, built along a strategic highway "somewhere on the Atlantic Seaboard," by the Public Roads Adminis-

tration of the Federal Works Agency, marks the beginning of a program which will include several hundred such auxiliary landing fields. The strip is 8,000 ft. long, 500 ft. wide, has a runway 7,000 ft. long and 150 ft. wide.

total for the same period in 1941; and farm income totaled \$11,800,000,000 last year. This points to a new record in 1942, higher even than the \$14,600,000,000 peak of 1919.

But these gains are not founded on higher prices alone. Production also will outstrip past highs. The Food for Freedom program calls for sharpest boosts in oil crops, canned vegetables, and meat and dairy products. The 1942 hog crop is now estimated at 105,500,000 head, 21% more than in record 1939; egg and poultry production has been running 16% above last year, and beef and veal slaughter has been ahead of scheduled boosts.

Fortunately, the weather thus far has been remarkably favorable to pastures, and wheat, hay, oats, and other crops. And, so far, the nation's farms are employing more workers than last year. But agriculture in the San Francisco Federal Reserve District (page 52) already is being pinched by lack of farm hands.

Profits Report

Estimates of corporate profits for the first quarter of 1942 have been compiled by the Department of Commerce, showing a slight gain over the first quarter of last year, but a more than seasonal decline from the last. Railroad and retail trade groups fared best, and manufacturing, power and gas, and wholesale trade worst.

"W" means "War"

WPB reorganization gears board into our world-wide job of war production leadership. New accent on materials.

The War Production Board this week reoriented itself to deal with a new phase of the war in which this country takes over the definite leadership of the United Nations—a leadership earned by creating the biggest war industry yet, forced upon us by Britain's inability to find a strategy of victory over the Axis might.

• **World-Wide Job**—WPB is sloughing off units which have worked themselves out of a job and is gearing those that remain into the Combined Production and Resources Board—the "International WPB."

Donald Nelson's prime responsibility in future will be to coordinate United Nations production in much the way that U. S. production is now being rationalized.

Assisting Nelson in his job as senior member of CPRB is James S. Knowlson, who moves from his post as director of WPB's Division of Industry Operations to become Nelson's deputy on CPRB.

• **Planners Go Strong**—Nelson also

takes with him to the international job his professional thinkers—Stacy May of Research and Statistics and Robert Nathan of the WPB Planning Committee. They will be the chief U. S. members of a combined planning staff.

William L. Batt, vice chairman, in essence takes over Nelson's former job. As deputy director of WPB he will have the prime responsibility for U. S. war production, particularly when Nelson is absent as on his trip to London next month.

• **Changes Are Formalities**—Within WPB, the changes are more formal than actual. Few changes are made in personnel, few functions entirely wiped out. The Production and Materials Divisions disappear as such; most of their functions are put under a new Director of Operations.

By and large, the changes are in flow of authority, in arrangement of the work. A clear separation is made between those units of WPB primarily concerned with policy and the actual operating units (whose chief job is governing the flow of raw materials). Groups now definitely limited to policy advice include Civilian Supply and Labor Production.

• **Houghton Heads Operating Branches**—The industry and commodity branches, with the bulk of the operating work to do, are put under a new Director General of Operations, Amory Houghton, formerly deputy to Philip Reed in the old Bureau of Industry Branches. (Reed, under fire from the Truman committee, has been transferred to London.)

The Priorities Administration Division (which mostly just coordinates the priorities work of the branches) is under Houghton, as are the Conservation and Inventory Control Divisions. New units under Houghton are the Production Engineering Division, responsible for spreading new technical knowledge, and the Facilities Utilization Division.

• **New Programing Unit**—Midway between the policy-forming and operating groups is a new programing unit. This represents an expansion of the Requirements Committee and the Progress Reporting Bureau.

The unit, headed by Vice-Chairman Knowlson, is responsible for interpreting strategic and policy decisions of WPB and CPRB (on which Knowlson is a deputy).

• **Knowlson's Other Units**—The former Division of Purchases, reorganized as the Procurement Policy Division, joins in this job under Knowlson. So does a new Construction Program Division, responsible for capital expansion plans.

• **The Major Gaps**—Two big holes are still left. The Smaller War Plants Corp. setup will not be completed for some days. And the expected merger of the Army and Navy Munitions Board with WPB has not yet come to pass.

OPA's Price Ceilings Crack

And as long as Henderson remains on the outs with Congress he will get neither funds for adequate enforcement, subsidies to cushion GMPR, or other anti-inflation controls to ease job.

Leon Henderson has twice been forced to cut holes in his cherished retail price ceilings—permitting a boost in the price of gasoline by 24¢ a gallon and of 1942 canned and dried fruits by 15%. He didn't want to do it; almost everybody agreed that he wouldn't. Yet the whole pious chorus was in vain.

• **GMPR Endangered**—The General Maximum Price Regulation now stands a good chance of being seriously damaged for lack of supporting funds, of failing in its initial purpose to hold prices to a fixed level, or of suffering the intangible consequences that flow from having lost face.

What has occasioned the breakthrough is the fact that the Office of Price Administration sometimes doesn't see eye-to-eye with industry, and—more importantly—is at loggerheads with Congress. So far the White House has refrained from entering openly into the squabble between OPA and the men on Capitol Hill.

• **Why There's a Fight**—Henderson's fight with Congress—which has all the earmarks of a perennial affair—is just now approaching its zenith. A sort of three-cornered base holds this antagonism aloft.

First of all, Congressmen have a multitude of squawks against rationing (including publicity over those X cards) which immediately befuddles the price-ceiling issue with something entirely different: Physical treatment of scarce goods. Next, the farm bloc doesn't want retail prices to act as a brake on agricultural prices, thereby preventing a rise to 110% of parity. Finally, resentment has been building up over OPA's fondness for reputedly radical lawyers and economists, plus Henderson's refusal to follow political routine in appointing personnel.

Consequently the House voted Henderson a mere \$75,000,000 when he had asked for around \$195,000,000 (BW—Jul. 4 '42, p5). Now it's the Senate's turn to hash the matter over. Henderson by this time has toned down his \$195,000,000 request to \$161,000,000, which is the figure advocated by the Budget Bureau all along. But even if he gets that much from the Senate, it seems likely that a Senate-House compromise eventually will whittle some funds away, and that Henderson may be lucky to wind up with \$125,000,000. Furthermore, Congress at this moment is disposed to give the money on a short-term (not annual) basis in order to keep Henderson tied to a leash.

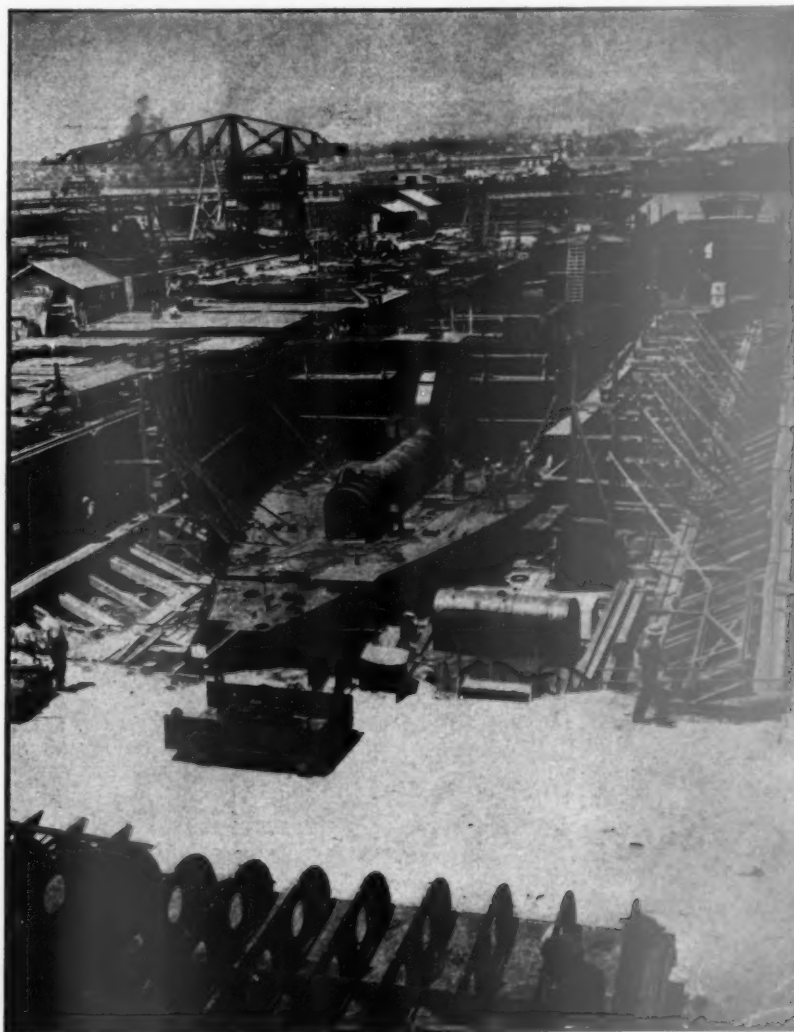
• **Subsidies and Farm Funds**—Two other Congressional actions dovetail into this fracas over money. There's the important matter of subsidies to ease the unequal impact of the price ceiling. This is taking a back seat while the main show over operating funds is going on. Then there is a row over the Department of Agriculture funds (page 84).

While the President has gone to bat for the Department of Agriculture,

White House support for Henderson hasn't been nearly so visible. Six points in the seven-point anti-inflation program (BW—May 2 '42, p15) are still kicking around. Wages, taxes, and farm prices especially are in a muddle, though nothing decisive has been done on over-all rationing, tighter credit rules, or forced savings via compulsory bond sales either.

• **Industry Proves Recalcitrant**—On top of these woes, industry—or at least certain sectors of it—is beginning to show signs of squeamishness about accepting subsidies, and is asking for outright price increases instead.

Such a situation developed in the past fortnight with respect to canned and dried fruits. Apricots, for example, this year cost the canner \$67 a ton as against last year's \$45; labor costs are up; ditto



SUNKEN SHIPYARD

Instead of building merchant ships high on ways and sliding them down to the sea, the Pacific Bridge Co., Alameda, Calif., simply digs a hole, builds the ship in it, and releases

water into the hole to float the ship out of the graving dock for final fitting. The prefabricated ships to be built by this below-sea-level method will be completed in about 30 days. The graving dock launching eliminates dangerous greased ways.

transportation. So OPA was consulted for relief, and here the matter of subsidies came up.

• **Thumbs Down on Agriculture**—Promptly the canners would have done it. Who, said they, was going to pass the money around? The Department of Agriculture (whose Commodity Credit Corp. has an unobligated \$200,000,000 that could be tapped)? If so, to heck with it.

This superficially surprising stand is the result of the canners' long and ingrained fear of the Department of Agriculture's proclivity for grade-labeling. Hence, the idea of having Agriculture hand out money, and then possibly tie a grade-labeling string to it later on, got the cold shoulder right off.

In the end, Henderson had to boost retail prices as much as 15%, though "this is not a satisfactory solution—it is inflationary."

• **Hot Seat Gets Hotter**—Thus with canned fruit prices about to go through the ceiling, gasoline already past the OPA barrier, and women's outerwear virtually pledged to the hidden inflation of lower quality and higher price lines (BW—Jun. 27 '42, p. 17), Henderson is feeling the hot seat grow hotter, with no relief from Congress in sight. To these problems may be added the fact that because OPA has none of the imagination-inspiring tasks of WPB, consumers have failed to get excited about it.

The absence of glamour, however, apparently isn't the whole story. It's now commonly suggested that OPA's legal staff has been a barrier to adequate publicity and has succeeded only in befuddling the whole issue. The legal mind, it seems, eschews popularized definitions, with the result that retailers don't know a subsidy from a sausage.

• **An Advertising Job**—To correct the retailer's indifference—as well as the housewife's failure to consider GMPR the godsend Henderson wants it to be—OPA's Consumer Division (now reshuffled from top to bottom) will have to apply modern advertising methods. But two months of time are lost.

Many observers currently believe that GMPR stands in real danger of being vitiated. That's an extremist view. What's more likely, perhaps, is the incidence of slowly rising prices—not serious over a short period, but bothersome in the long run. For even if Henderson gets subsidies (of the kind business will accept) there is little chance that he will get a police force big enough to patrol 1,800,000 retailers, 650,000 service establishments, and the landlords in 366 rent areas.

• **Promise Falls Flat**—While partial price-control, of course, is better than nothing, it does have this disadvantage: It's not what Henderson so glowingly predicted at the outset. And it is no face saver.



In his capacity as chief of the United Steelworkers, C.I.O. President Philip Murray (standing left center), made the first statement to the National War Labor Board in the public hearing on the union's dispute with four Little Steel companies. Murray and other union spokesmen were followed by a surprise appearance of

Edward L. Ryerson, chairman of Inland Steel Co., who opposed the union's claim to a \$1-a-day wage increase and a union shop. After Ryerson finished, Ernest S. Ballard, T. F. Patton, C. A. McLain, and J. C. Gall, as respective attorneys for Inland, Republic, Bethlehem, and Youngstown Sheet & Tube, spoke.

Wage Inflation?

That's the basic question as War Labor Board weighs its Little Steel decision. F.D.R.'s stand is likely to set policy.

As the National War Labor Board met in executive session this week to decide the Little Steel case, it was sobered by the realization that its ruling would, only in part, settle a labor dispute. More significantly, its judgment on the \$1-a-day pay increase which C.I.O.'s steel union is demanding may either bulwark or blast the nation's present anti-inflation policy.

• **The Labor Issues**—As a labor case, the issues before the board—the \$1 pay hike, the union shop, and the checkoff for 157,000 employees of Republic, Bethlehem, Youngstown Sheet & Tube, and Inland Steel—are of paramount importance to American management. Their disposition will not only fix the labor relations pattern for a basic industry but will inevitably influence wage standards and union status for a great section of manufacturing. The board's ruling on these issues in steel is expected to

occasion a stock-taking and appraisal of employee relations by many large and small companies.

• **\$100,000,000 Is Involved**—But economic policies of even greater import hang on the outcome of the case. If the board decides in favor of the union's \$1-a-day demand, \$47,500,000 a year will be added to the purchasing power of the employees of the four Little Steel companies alone. If the rest of the steel industry makes equivalent wage adjustments—a step which is taken for granted—the figure will surpass a hundred million.

As the result of a steel raise, other industries will almost inevitably be forced by labor pressure to increase wage payments. If their rates of advance equal the 16% which \$1 a day figures on basic steel wages, \$3,000,000,000 a year will be added to manufacturing payrolls alone. Throwing such a staggering sum into the already wide inflationary gap between purchasing power and available goods is considered more than enough to wreck price control.

• **Prices and Profits**—Nor will the effects of increased labor charges be limited to surcharging the fund of "hot money" in consumers' pockets. Though the bulk of a wage boost in steel may be borne by a reduction in the companies'

excess profits tax payments to Uncle Sam, wage increases must be accounted for in production costs. Production and distribution will be that much more expensive. In businesses working on a smaller margin than steel, prices will be forced up immediately, ceilings and subsidies notwithstanding.

NWLB has the word of Leon Henderson that the wage increase in steel will wreck the anti-inflation program as it now stands. But the 12 men who sit on this case also know that the cost of living in steel towns has risen 14% since steel employees got their last pay hike. They know that if the dollar is denied, there will be resentment in the mills, stoppages, important losses in the output of vital war supplies.

• **Effects Already Visible**—Some of this has already happened, provoked by the eleven-month delay in reaching a settlement of the case. Ruling against the increase can be expected to lead to more.

Therefore the final decision in the case is expected to be determined by Administration policy. The President himself is counted on to give the board the cue it is seeking in choosing between what it considers to be two very dangerous alternatives. F. D. R. may, however, attempt to resolve the dilemma by suggesting a "split-the-difference"

compromise. If he does, the government's position on war wages and inflation will be even less clear than now.

• **"Union Security" Is Expected**—Some form of union security, certainly not the straight-out union shop that C.I.O. demands nor the compulsory checkoff, seems to be assured. Although each company involved told the board it had no antiunion designs, the union made much of citations from the records of the companies, particularly of Bethlehem and Republic, in arguing the need for union protection.

The tripartite panel, appointed by the board "to define and investigate the issues and submit findings of fact" showed in its report that it was impressed on this score. Although the board often makes a decision independently of its panel's findings, it has never been known to ignore the kind of admission which its panel reads into the lack of denial by Republic that it had been antiunion before 1937.

• **Dangers of Predicting**—In view of the board's previous decision, some form of union security award is indicated. Predictions on the wage issue, however, rest solely on analysis of Franklin D. Roosevelt and speculation about what he considers important to wartime economic policy—and how much pull congressional elections will exert.

Coal Shortage?

Production and shipments in next eight weeks will tell whether cold weather tieup in transportation will be averted.

The drive to slice off the normal autumn hump in coal demand by stocking bins this summer is teetering on a line between success and failure. Almost half a year old now, the promotion campaign urging all consumers to buy coal while the thermometer is still up has been bringing maximum publicity to bear on the problem (BW—Apr. 4 '42, p7) and thus far has undeniably helped backlog coal fires with winter fuel. But it could fall short at any minute now.

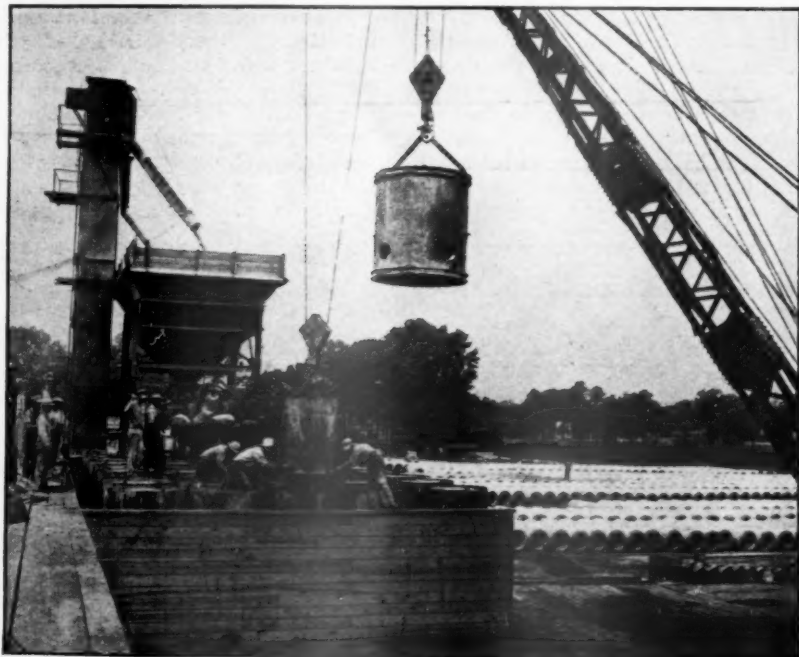
• **Production Tells Story**—Coal moves rapidly into consuming channels when mined. Hence, production figures are the basic test of whether or not coal distribution is getting the jump on the season or not. From Jan. 1 to May 30 this year production of bituminous coal (more important than anthracite by about 8 to 1) averaged slightly more than 11,000,000 tons weekly. Minimum average to afford a reasonable chance of avoiding transportation tieups when cold weather comes is just 11,000,000 tons weekly, thus coal progress up to June 1 was slightly better than minimum requirements.

For a tip on the coal fix this fall, watch weekly bituminous coal production figures for the next eight weeks. If they fall appreciably under 11,000,000 tons weekly, it means industrial and residential consumers have lapsed into the old habit of disregarding coal until the frost nips, and there is trouble ahead. If they are consistently higher, it means that the railroads probably can handle the load later.

• **Stepup Has Limits**—In any case bituminous coal production is not apt to go above 12,000,000 tons weekly, which is set as the theoretical capacity of the industry. Even at 11,500,000 tons weekly the most efficient, highly mechanized, mines and tipples are at their peak and the last 500,000 tons weekly would have to come from the smaller, more difficult properties.

The Department of the Interior's Solid Fuels division would like to see utility and war industry coal users with a 90 to 120 day supply on hand right now, other industries with a 60 to 90 day supply, and residential consumers with an entire winter's supply in the cellar. The inference is plain that railroads and trucks will have no time this winter to haul coal for human comfort.

• **Not Really Aroused**—No one of these three divisions of consumers has even approached stocking up to the recommended limits yet. On Apr. 1 the total



MOBILE PIPE FACTORY

Whenever the Lock Joint Pipe Co., Ampere, N. J., has a really big order for concrete pipe, it moves its "mobile factory" to the job on 35 freight cars. Right now it's working on some of the 47 miles of emergency piping to carry water to the war-augmented

populace of Norfolk and Newport News. Before the Virginia tour of duty, it was working on similar piping in Cleveland. Huge bottom-pour buckets of wet concrete are carried by the derrick to upright pipe molds. When the cast pipes have hardened enough for stripping from the molds, they are moved to an "aging yard."

days' supply of both bituminous and anthracite coal in industry in the United States and Canada together amounted to 47 days, only four days better than the same date last year. Since Apr. 1 the over-all inventory has improved some, but not enough.

At the same time there is only one spot, New England, where the shape of a coal shortage is clearly on the horizon. Torpedo trouble on the Atlantic has diverted normal water shipments of West Virginia bituminous coal. Where Hampton Roads used to load the bulk of New England's needs onto ships destined for northeast ports, the traffic now moves almost wholly by rail and the railroads may not be able to handle as much as will be required. New England burned 21,000,000 tons of bituminous last year and will need 26,000,000 tons this year. Based on the record this year up to June the area is going to be 3,000,000 tons short over the whole twelve months.

● **Anthracite Strategy**—This is allowing for an unexpected maneuver on the part of Pennsylvania anthracite producers who, when bituminous price scales were lifted to accommodate the higher cost of shipping to New England by rail instead of water, stepped in with their regular all-rail rates on anthracite and jumped their New England business 15%.

Naturally the country-wide coal market is much larger than normal this year. Railroads, the biggest single customer, are rolling every wheel that isn't flat. Coke ovens, by-product and bee-hive, and steel and rolling mills are at capacity in production, which also means in fuel consumption, and electric power utilities are similarly in high gear. These, with other war industries and retail consumers, are the heart of coal consumption.

● **Industry's Bite**—Total takings of industry for the year are estimated at more than 560,000,000 tons of bituminous and as much as 60,000,000 tons of anthracite. Last year consumption was roughly 480,000,000 tons and 50,000,000 tons. In 1940 bituminous consumption was only 433,000,000 tons.

Not only does high gear war production mean heavy consumption over the usual grates, but the coal industry this year must take on whatever it can of the fuel oil deficits along the Atlantic seaboard. Up to June 12, conversions from heavy fuel oil (industrial) to coal, calculated at 4 barrels to the ton of bituminous coal, had added something less than 5,000,000 tons of coal to the annual consumption rate. Further possible conversions, which probably will not all be realized, are estimated as the equivalent of a little less than 6,000,000 tons.

● **Nothing Spectacular**—If the conversions had all been accomplished last January, the added burden on coal

would only be a week's production of bituminous. As it is, it will be much less, hardly a drop in the coal bucket.

Nor will the conversion of residential oil heaters to coal put a big strain on the coal industry. Unquestionably the changeover will persist as long as users can get away from the 50% reduction in light fuel oil by shifting to coal (BW—May 16 '42, p16), but the utmost accomplishment in this direction is estimated to have no more than a possible influence of about 1% on the whole coal industry. One checking factor on residential conversions is the WPB order shutting off production of small coal stokers on May 31 and permitting only use of already fabricated parts to assemble the commercial size.

● **Accent on Production**—Main drive will simply have to be toward the production of as much coal as possible and its movement immediately into consumer bins. The industry is in fair shape to hold production up, despite loss of 50,000 men to selective service and war plants in the last six months, and a maintenance problem on the enormous amount of underground steel trackage and rolling stock in use.

Consumers, however, must fulfill the obligation to fill coal bins this summer, even to the extent of taking a different size if their favorite nut or stove grade is not available (as they have had to do in Canada). Rumor has it that Washington's next effort to spare the railroads this fall will be a request that consumers take whatever grade and size of coal is available now, so that producers can go all out on production without having to worry about matching orders to the availability of special sizes and grades.

Saving Tire Outlets

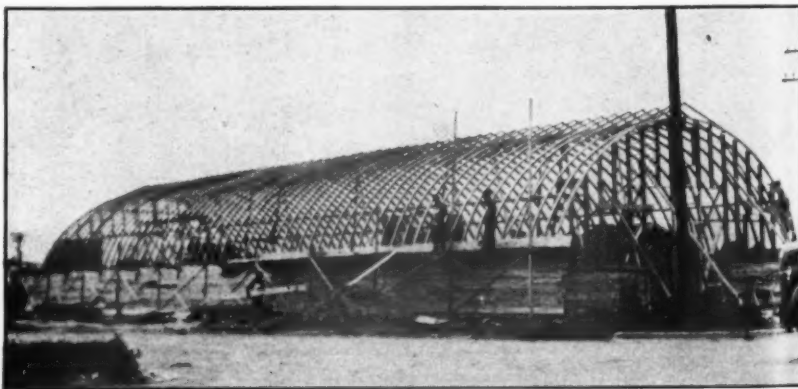
Diversified retailing, aided by manufacturers, is biggest of several factors which now hold dealer mortality in check.

For years regular tire retailers watched helplessly as chain stores, mail order houses, and oil companies cut into their business by merchandising tires and tubes as extra quick-profit items in a diversified line of consumer products. These marketers, handling private brand tires, became a potent factor in tire retailing, accounting for fully a third of all replacement sales.

More serious from the tire industry's viewpoint was the fact that these outlets aimed at volume turnover rather than full unit profit and so set merchandising and price patterns which lowered net return on the business left for the trade.

● **Things Are Different**—Today, the private brand bugaboo has vanished in the wake of government rubber controls and tire rationing—but many of the mass marketer's merchandising techniques have been adopted by thousands of tire retailers as a means of keeping their heads above water.

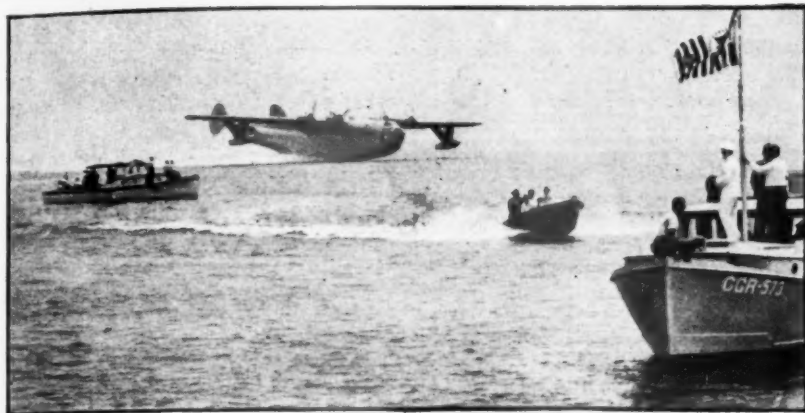
That trend, transforming drab tire outlets into attractive salesrooms for hundreds of fast-moving, profitable consumer items, doesn't entirely explain why a slash of almost 90% in the number of new tires available for sale hasn't been reflected in a correspondingly high mortality rate among the dealers. It does, however, go far in explaining why,



WHEAT HOUSES

Out in the Southwest wheat growers and the grain trade generally aren't nearly as concerned with news of the interallied nation's wheat pooling agreement as they are with the imminent and critical problem of finding storage space for the bumper winter wheat crop now being harvested (BW

—Apr. 25 '42, p81). In Spearman, Tex., construction is being rushed on frame buildings (above) each of which will provide temporary shelter for 50,000 bu. Further north in Kansas, the Commodity Credit Corp. is transporting wheat to hundreds of its farm-size metal storage granaries in Iowa which were once filled with government loan corn (now redeemed).



MARS UP

The world's largest flying boat—the Mars—has completed its first official flight, and now goes into regular service for the Navy. It has been five years since the Glenn L. Martin Co. was authorized to build the experimental flying battleship; research and

design, shrouded in secrecy, required more than two years. The Mars is able to fly to Europe and return non-stop, and as a troop transport could carry 150 men. Other facts and figures: wingspan, 200 feet; length, 117 ft.; over-all height, 36 ft.; maximum weight, 140,000 lb.; power, four 2,000-hp. engines.

by the best available estimates, only about 25% of the nation's 150,000-odd pre-Pearl Harbor tire outlets have shut up shop. And some dealers are actually making more money under rationing than they ever did.

• **Other Factors**—Several other factors besides the transformation in merchandising have helped dealers hold on. While new passenger-car tires are being rationed at an annual rate of less than 4% of last year's 34,400,000-unit sales, they're selling at full list prices for the first time in years without the competition of \$6.66 casings or the bargain offerings of "50% off list" of two years ago.

Truck tire prices are "softer" because of the stiff competition for this high dollar volume business, but they're closer to list than in other days. And that makes truck tires a prime income source in 1942 since they're rationed at a rate equivalent to 65% of 1941 sales of 5,600,000 units.

• **Good News**—OPA gave tire retailers a bit of good news last week in an amendment to the rationing regulations which permits war workers in essential firms which employ more than 100 to purchase new tires below the 88½% level (third, fourth and fifth lines) when their present tires are unfit for recapping.

The amendment, No. 16, increases the potential market, which is all plus for the retailer even though the actual amount is indeterminant due to the sales restrictions which require that a committee in each plant certify to ration boards the war worker's need for new tires. Further, the worker must agree to make maximum use of the new tires in carrying other employees to

and from their places of employment.

• **Retreads and Used Tires**—Sales of retreads and retreading service hit boom levels in the 60 days following the Dec. 11 "freeze" on new tire sales, before they, too, were rationed. The lowly used tire, which formerly played a negligible role, has proved a profitable addition to the retailer's product line. Used tires now are scarce because of heavy demand in recent months.

In addition, tire outlets generally were quick to cut expenses to the bone by slashing advertising and promotional budgets, reducing rents, and trimming employee rolls. Free service has been limited, and dealers are learning that motorists are willing to pay legitimate service fees.

Increased demand for tire repair materials, along with strong sales of industrial tires has placed emphasis on lubrication and oil changes, and more profitable operation of service and maintenance departments.

• **Diversification**—But "merchandise diversification"—as one major tire manufacturer tags its retail program—is the most important trend on the tire-retailing scene. Instead of relying solely on tires and tubes, batteries, bicycles, electrical goods, and automotive accessories for their bread and butter, the dealers—particularly the large ones—now handle luggage, tools for home and garden, sportswear and equipment for the golfer and angler, paints and enamels, dishes, and many other items, including furniture for lawn, porch, and kitchen. Trade observers agree that this trend is destined to shape postwar selling techniques.

Object of diversification, quite obvi-

ously, is to widen the retailer's sales potential by providing attractive products in addition to tires and tubes to pull greater traffic and a larger share of the consumer's dollar.

• **Old Customers, New Prospects**—Old buyers of tires, accessories, or service now become prospects for the new merchandise, while the influx of new buyers is a potential source of tire sales—provided they're eligible to buy.

From the tire company viewpoint—and Firestone, B. F. Goodrich, and Goodyear are the prime movers in the trend—product diversity may help lower tire distribution costs by spreading overhead over larger volume. High distribution costs have been the price umbrella which brought the competition of the mass marketer. Once that problem is solved, private brands will become a minor worry.

• **Sales-Tested Program**—Oldest advocate of diversification is B. F. Goodrich which sales-tested nonrubber consumer goods in its own stores, and a limited group of independent outlets, for a period of eight years before releasing the program to its dealer organization a year ago.

Firestone has been most active to date in the new field and is believed to have the largest number of outlets and greatest volume in the nonrubber lines. Currently Firestone is playing up the program in a series of full-page ads, emphasizing automotive accessories, seat covers, luggage and other items. Goodyear entered the field late, but is giving the new techniques a hard play, and so are several of the smaller firms, all of which are searching for means to keep their dealers in business.

• **Ordered Before Shortages**—Because of their experience and close contacts with suppliers of the new items, B. F. Goodrich and Firestone are believed to have the best inventory position, since they placed orders long before material shortages developed. Other firms without that background have found it difficult to obtain some of the new merchandise.

One major firm's program comprises more than 1,200 different products, compared to some 500 a year ago, and more items are being added to replace those which no longer are obtainable because of material shortages or manufacturing restrictions. As in other retail fields, the swing now is toward "soft" goods as metal products become scarce.

• **Revamping Required**—To succeed in the new business, tire retailers have had to revamp their sales techniques, learn how to set up attention-arresting displays and window trims, and rearrange store interiors to obtain efficient traffic "flow." Some dealers have completely remodeled their salesrooms, using layout plans and counter and display-case specifications supplied free by their tire manufacturer.

As a result the majority of retailers are still doing business at the old stand—although in many cases you'd never recognize the place because of the changes.

● **The Dealer Picture**—It is true, of course, that many of the nation's tire outlets had always carried tires as a sideline, depending on other sources, such as petroleum products, even groceries, as their main livelihood. Moreover, it is not unlikely that fully 40% of the original 150,000 tire outlets will have folded before this year is over, particularly if gasoline rationing becomes a country-wide reality. But that still won't discredit diversification.

The National Assn. of Independent Tire Dealers talks in terms of 60,000 independents, but it's doubtful if that many outlets actually rely on tires as their prime business. Census figures indicate that dyed-in-the-wool tire retailers number about 18,000, three-fourths of whom are independent dealers and the balance chains and company-owned stores.

● **85% Still in Business**—Among these outlets, trade sources estimate that fully 85% are still doing business, with the mortality rate lowest among the larger retailers, and highest in the group whose yearly tire sales normally skirted below \$1,500.

Company-owned stores have fared about as well as the group as a whole, and the total number of outlets today is estimated at 1,750 to 1,800, compared to about 2,000 a year ago, with Firestone, Goodyear, and B. F. Goodrich the big operators in the field.

● **Chain Stores**—Chain stores generally have been hit hard as far as tire business is concerned, primarily because they concentrated on across-the-counter passenger-car tire sales, and, with the exception of Sears, Roebuck and Montgomery Ward, paid little attention to truck tires, which require outside salesmen to contact commercial accounts. Since they had no equipment for retreading or repairing tires, chain stores haven't had a cut of the business.

Bulk of the tire replacement market normally is held by independent dealers. In 1941, for example, independents accounted for 46.6% of the business, chain stores 19.5%, oil companies 17%, company-owned outlets 9.1%, mail order houses 4.4%, and miscellaneous sources 3.4%.

● **Independents' Advantage**—Because independent dealers are believed to control fully 90% of the nation's retreading equipment, their share of the business available this year may logically be expected to increase at the expense of chain stores, oil companies, and mail order houses. (If the Ellender-Patman Bill should become law, the independents would be the only ones permitted to share in the business of selling rationed new tires. Opinion differs on

whether this bill is likely to be reported out of the Senate Banking and Currency Committee.)

Tire retailers generally have capitalized on the need for greater tire care, and the growing concern on the part of motorists about keeping tires and cars rolling. Dealers have seen the wisdom of offering tire inspection service, not only to eligible tire buyers, but to other drivers as well. And these "tire conservation" plans have paid dividends—in tire sales to eligibles; greater income from tire repairs, brake service, wheel alignment, and balancing; and "plus" sales of other items obtained from increased store traffic.

● **Official Assist**—Dealers designated by local rationing boards as "official inspection stations" have had an inside track on new tire sales, and there has been a hot scramble for those positions. Generally, however, local boards have designated as inspectors those dealers who have the necessary repair, retreading, and inspection equipment, and who rely mainly on tires for a living.

Tire manufacturers have striven to suggest ways for their retailers to contact eligible tire buyers with a minimum of cost. Direct mail advertising has been employed to reduce sales expense and eliminate the need for personnel to contact prospective customers.

● **Makers' Economics**—Tire makers have initiated their own economy measures in order to trim sales, operating, and dis-

tribution costs in step with the reduced market for tires and tubes. Goodyear, for example, has slashed its sales and field organizations 40%, placing many of its salesmen and store and service managers on the production lines of its expanding airplane-fabricating plants at Akron. Similar personnel reductions have been made by other firms. Distribution and operating systems have been streamlined.

Tire-market analysts know that when the war is over there will be a tremendous demand for tires, tubes and related products.

NEW VANADIUM MILLS

Apparently dissatisfied even with redoubled domestic production of vanadium, vital hardener and toughener of steel, the government will finance two new preparation mills, each to handle 150 tons of ore a day, at Grand Junction and Durango, Colo. These mills will be operated by U. S. Vanadium Corp., subsidiary of Union Carbide and Carbon, which already is operating at capacity two of its own at Uravan and Rifle, Colo. And Vanadium Corp. of America is completing a mill in Eastern Utah, in addition to one already operating at Naturita, Colo.

Colorado Highway Dept. announces that \$500,000 allocated by the War Department won't suffice to complete all needed access-roads.



WAR WORKERS TRANSPORT

Latest proposal for the mass transportation of war workers with a minimum use of strategic materials is the trailer-bus, built by the Fruehauf Trailer Co. of Detroit. Well known for their highway freight trailers, Fruehauf enters the bus field for the first time with this model. The new

vehicle has a comfortable capacity of 100 passengers, but weighs only 11,370 lb. The differential dual wheels will produce from 50% to 100% saving in tires. Built to represent the utmost economy in critical materials, the trailer-bus still provides ample safety factors and ruggedness. Officials of Fruehauf foresee a great future for this type of vehicle.

THE *Gilmer* NATIONAL POWER-RECOVERY PLAN



WAR PRODUCTION BOARD
WASHINGTON, D. C.

IN REPLY REFER TO
154

April 23, 1942

AIR MAIL - SPECIAL DELIVERY

Mr. John S. Krauss, President
L. H. Gilmer Company
Tacony
Philadelphia, Pennsylvania

Dear Mr. Krauss:

After reviewing the essential elements of the proposed GILMER PLAN and considering the contribution it should make in the conservation of certain critical materials, and also in the important matter of conserving industrial power, we can advise that the Plan is in keeping with the general aims and objectives of the Industrial Salvage Section of the War Production Board, and we are glad to express our appreciation of your efforts in this direction.

The job of conservation and salvage of materials, machinery and supplies, along with the prevention of power losses, is one of the most important facing American industry today.

Very truly yours,

George T. Weymouth
George T. Weymouth, Chief
Industrial Salvage Section
Bureau of Industrial Conservation

COVERS—

ELECTRICITY
STEAM
WATER
MECHANICAL POWER
REFRIGERATION
COMPRESSED AIR
BOILER ROOM
PRIME MOVERS

"It's OK, Gilmer!"
says WPB



INDUSTRY'S vastly accelerated pace is turning power into Strategic Material No. 1. For the success of the war effort, Industry must salvage its tremendous power-wastes, and use that power for war production!

To help accomplish this urgent task, Gilmer, in collaboration with leading power engineers, has developed the National Power-Recovery Plan. This Plan is practical and workable, pointing out plainly just *where* and *how* power can be saved with a minimum of time and effort.

Authorities on power estimate that, if the Plan is adopted by America's industrial plants, the resultant power-saving will equal the combined output of two Boulder Dams! Translate that power in terms of more warplanes and tanks!

Your own plant engineers will give enthusiastic support to this Plan, but they must have executive approval before they can move ahead. Do your part... put the National Power-Recovery Plan in motion! Completely packaged in a special Booklet, it comes without cost or obligation... write to Gilmer today!



L. H. GILMER COMPANY, Tacony, Philadelphia, Pa.

The oldest firm of rubber fabric belt specialists



KEEPING BOOKS ON A WAR

Although estimates for the coming year already overshadow it, the fiscal year just ended established all-time records for government receipts, expenditures, and debt. In financial terms it furnishes a picture of what happened when the United States shifted from uneasy peace to all-out war.

Total government expenditures in the year ended last month were \$32,397,000,000. Of this, \$25,954,000,000, or 80% went into war activities. A year ago the nation spent approximately 10% of national income on defense. Last month it was spending about 40% on war. Next year it will raise this to 55%.

Expenditures last year were more than two and a half times outlays in the preceding fiscal year. Two-thirds of the increase came in the second half of the period, when war expenditures doubled.

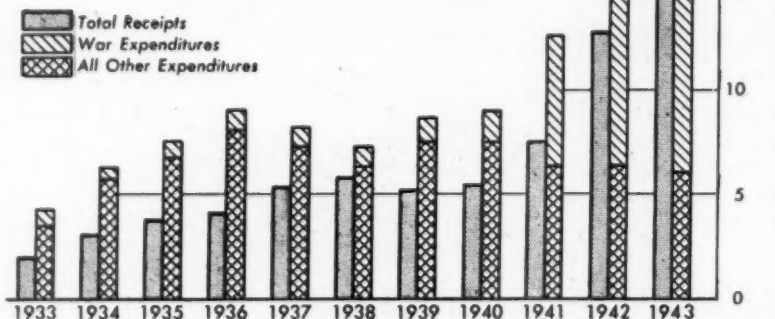
Receipts of \$12,799,000,000 last year were the largest in history. They covered barely 40% of total expenditures but were \$6,356,000,000 over the nonwar outlay. As usual income taxes, both corporate and individual, were the Treasury's big money maker. Last year they brought in \$7,960,000,000, more than twice the 1941 take.

Expenditures for the year exceeded revenues by \$19,598,000,000. In addition, government agencies absorbed \$2,600,000,000 in their checking accounts, and the Treasury increased its general fund balance by \$358,000,000. The result was a rise of \$23,461,000,000 in the public debt.

On June 30, the government debt totaled \$72,422,000,000. Of this \$64,537,000,000 was in the form of public issues; the other \$7,885,000,000 consisted of special issues such as those held by the social security trust fund. The average rate of interest was only 2.285%. This would mean an annual servicing expense of about \$1,655,000,000.

Commercial banks absorbed about 26% of the increase in total public debt during the period. Throughout the year, the Treasury tried desperately to attract other borrowers so that the inflationary increase in commercial bank deposits would be minimized. As the volume of borrowing increased, however, the Treasury was forced to lean more and more heavily on commercial banks. In the first six months of the fiscal year, banks took 19% of the new securities; in the second half year they took 32%.

In the current year, war expenditures will step up to at least \$67,000,000,000, which means a total government budget of about \$73,000,000,000. Revenues will depend on the outcome of the tax fight now going on in Congress. The Ways and Means Committee program would yield about \$23,000,000,000. This means a deficit of \$50,000,000,000, more than double that of the year just ended.



Data: U. S. Treasury

© BUSINESS WEEK

Averting a Jam

Chicago, at long last, gets a positive promise that subway on State St. will be finished and trains running this winter.

Typical attitude of the old-time Chicagoan when assured he will soon be riding in a subway beneath the Loop is, "I should live so long." Now, this disbelief has begun to weaken.

For years, State St., the main north-and-south drag, has resembled a shell-torn battleground, with a few vehicles gingerly picking their way through the debris. Lately the confusion has been worse than ever as public utilities rushed to complete the rearrangement of substreet pipes and cables.

• **The Finishing Touches**—Now the citizens—and State St. merchants, who have been taking a beating in nerve-ends and cash registers from the turmoil outside their front doors—have good news. They learn with relief that complete resurfacing of State St. will positively be completed in October. Moreover, the subway itself contains all of its really essential parts and materials, is right now receiving finishing touches.

Chicago public transportation is not yet crowded to capacity, which is fortunate because public authorities have been haunted by fears of a major jam ever since December. Increase in motor coach, elevated, and street-car travel was only 33 million fares for the first half of this year. The increase over last year is currently running around 6% to 8%.

• **Nub of the Problem**—The city and its sprawling industrial suburbs contain more than 4,500,000 population. Cook County has the greatest manufacturing output of any U. S. county, and the Chicago area is the nation's greatest metal-working center.

This means that Chicago is a tremendous focus of munitions making. It claims, for instance, more tank and airplane production than even the Detroit district.

All this adds up to the raw materials for the world's greatest traffic snarl when Chicagoans really begin relying on local transit for traveling back and forth to work. Hence, it is particularly good news that, barring catastrophes which now appear unlikely, trains will be running in the State St. subway by late this winter.

• **Chicago's Master Plan**—Basically the blueprint for Chicago rapid transit consists of two distinct subways. The tube under State St. would connect two or three miles out with the North Side and South Side elevated structures; that under Dearborn St. would connect with the various West Side elevated lines.

.. ASSIGNMENT ON THE PRODUCTION FRONT!

BEFORE the machines of war—planes, tanks, trucks, guns, ships—can stream from their assembly lines industrial plants must be “tooled up.” Machines to make machines—known in industry as machine tools—must be installed to cut—bore—drill—mill—and machine the metal that is the raw material of the weapons of war.

In response to the national emergency, American machine tool builders geared up their production to a record shattering pace—the highest ever attained in their history. This was achieved by a radical conversion from “custom-built” methods to mass production practices—a remarkable accomplishment, for a machine tool is a precision-built machine not usually produced by mass methods.

But the machine tool industry came through in volume—producing machines that excelled in accuracy and work capacity as well.

Long before December 7, 1941 Kearney & Trecker Corporation launched upon the mass production of precision milling machines—vitally needed to implement thousands of plants

in the “arsenal of democracy.” Milling machines, like all precision machine tools, however, had always been produced by “custom-built” methods. To achieve the volume production demanded seemed little short of impossible.

By the development of a unique mass production system, substantially expanding its plant and personnel, and utilizing the resources of sub-contractors, Kearney & Trecker Corporation attained peaks of production which will become part of the brilliant record of the machine tool industry.

The effective functioning of this production program called for a vast amount of additional equipment and specialized machine tools, many of which were developed and designed by the Company's own engineering staff.

Producing milling machines in volume—to the highest quality standards, this was and continues to be our “assignment on the production front.”

**KEARNEY & TRECKER
CORPORATION**
Milwaukee, Wisconsin



This assembly-floor view reflects the capacity of our plants—all of them operating 168 hours per week and concentrating upon the volume production of Milwaukee Milling Machines.

**KEARNEY & TRECKER
CORPORATION**

Milwaukee MACHINE
TOOLS



The "pitch change" motors that saved a bomber...

AS THE BIG AMERICAN BOMBER comes out of a cloud bank, the bombardier sights three Jap transports in the sea below.

The bomb bay doors open. Bombs fall. Smoke and fire pour up from the stricken Jap ships. Direct hits!

But diving to the attack come a couple of Jap Zero fighters. Their bullets knock out two of the bomber's four engines. The propellers on the dead engines set up a terrific vibration that could tear out a motor or rip off a wing.

Then, in a matter of seconds thanks to tiny but powerful electric motors, the vibration stops. The bomber steadies herself. The guns in her top turret spit a stream of fire into the Zeros. They turn tail. The bomber returns safely to her base.

What are these tiny motors that kept the bomber from tearing herself to pieces?

They're called "pitch change" motors. And they do just that. Hidden in the

propeller assemblies, they changed the pitch of the props on the dead engines, until the blades were *edgewise to the wind*.

Props in this position can't "windmill"—can't set up the racking vibration that soon shakes a ship to pieces.

These "pitch change" motors had to be made as compact and light as possible to fit in a restricted space; had to have a maximum of power and dependability.

In designing motors to meet these demands, the engineers used Fiberglas.* With it, they developed a tough and durable electrical insulation. This insulation helped them get—not only "pitch change" motors that were small yet powerful—but also other airplane control motors, generators, and wiring which were able to withstand severe service under extreme temperatures.

For similar reasons, engineers are using Fiberglas in industry. This material helps keep electrical equipment in our war plants working at top speed.

Today, American engineers are playing a brilliant part in designing machines for war, in keeping production flowing at home, and in utilizing modern materials...one of which is *Fiberglas*. It is a tribute to these resourceful men that they have met their new obligations so promptly and ingeniously.

Fiberglas electrical insulation spotlights the versatility of a product which makes the physical properties of glass available in many new and useful ways. Owens-Corning Fiberglas Corporation, Toledo, Ohio. In Canada, Fiberglas Canada, Ltd., Oshawa, Ontario.

OWENS-CORNING

FIBERGLAS

U.S. Pat. Reg. M. T.

Since State and Dearborn streets are parallel and perhaps two hundred feet apart, passengers could handily transfer from one subway to the other. Thus, the subway would permit diverting underground a substantial proportion of the trains which have been using the

elevated Loop since the World's Fair of 1893, and by reducing the L congestion permit moving all trains faster through the downtown bottleneck.

• **Finishing One, Not Two**—But the war caught the subway construction program at a bad time. No official

statements have ever been forthcoming, but it is a safe guess that Washington told Mayor Ed Kelly he could finish up one subway but not two. The north-south project was further along, and would probably carry more traffic than the east-west tunnel. Hence the State

WAR BUSINESS CHECKLIST

Washington's Significant Orders on Materials and Prices

• **Iron and Steel**—Appeals by manufacturers for relief from Order M-126, banning use of iron and steel in hundreds of civilian articles, will be heard by a new appeals branch in the Bureau of Priorities. The appeals section in New York City has been abolished.

Maximum specifications for heat-resistant steel alloys used in metallurgical furnaces, oil refineries, synthetic rubber plants, cement mill furnaces, and power plant equipment are set by Order M-21-C.

Price Schedule 100 has been revised to grant producers of "Victory" size cast iron soil pipe an allowance of \$3 a ton over estimated sales realization computed in relation to standard and medium types.

• **Hides**—The entire supply of domestic cattle hides, calf and kip skins, and buffalo hides have been placed under complete allocation control (M-194).

• **Utensils**—Order L-30, limiting the amount of iron and steel used in essential kitchen and household articles has been extended through July.

• **Gas Ranges**—The provision of Order L-23-C requiring permitted-type gas ranges to conform to certain safety and performance specifications has been revoked.

• **Cordage and fibers**—Processing, sale, and delivery of Manila cordage is further cut by Order M-36, amended. New limits are 37% of the 1939 rate for processing and 41½% for sale and delivery.

Use of the bulk of Sunn hemp is restricted to manufacture of marine oakum.

Ceilings on 41 specified constructions of burlap have been added to the 17 covered by Price Schedule No. 18, revised.

• **Phosphate Plasticizers**—The entire supply, production, and use has been put under complete allocation (M-183).

• **Newsprint**—A differential of \$3.50 per ton for "super standard" newsprint over "standard" is established by amendment No. 2 to Regulation 130.

• **Wheat Millfeeds**—Specific maximum prices are set at various basing points (Regulation No. 173), effective July 4.

• **Ice**—The price ceiling base period is shifted from March to April by amend-

ment of Regulation No. 154, but sellers continue to have the option of the highest price charged during the corresponding 1941 month.

• **Merchant Exporters**—Like manufacturers, they may use their domestic sales price as their export ceiling under the Maximum Export Price Regulation, effective July 2.

• **Tinplate**—Manufacture or use of tinplate and ternplate cans for many chemicals, paints, dyes, and other products is prohibited by a revision of Conservation Order M-81.

• **Chrome Chemicals**—Restrictions on use of chrome chemicals and pigments in printing inks, ceramics, soap, glass and leather tanning are modified by revision of Orders M-18-B and M-53.

• **Drum Coating**—Conservation order M-158 has been amended to permit steel drum makers to use some 150,000 gal. of exterior coating which they have on hand.

• **Fast Dyes**—Civilian quotas for anthraquinone vat dyes and other anthraquinone dyes for the third quarter are set at 70% of their use in 1941, as compared to 50% in the second quarter.

• **Tungsten**—All ores and concentrates are placed under complete allocation and end-use control by amendment to General Preference Order M-29. The amount of contained tungsten delivery to any one person in any one month without restriction is reduced from 100 lb. to 25 lb.

• **Metal Shelving**—Manufacturers may accept no orders except those authorized by the Director of Industry Operations for direct delivery to the armed services or Maritime Commission.

• **Razors and Blades**—By amendment No. 1 to L-72 production of safety razors from June 23 to July 31 may be continued at 70% of 1940 rate; razor blades and straight razors at 100% of 1940 rate. The freeze on sale of safety razors by manufacturers and jobbers has been lifted.

• **Sugar**—California-refined cane sugar may be sold by Defense Supplies Corp. at \$5.60 per hundred pounds in ten northeastern states, an increase of 15¢ a cwt.

• **Woodworking Machinery**—Order L-83 has been extended to cover all orders for a single machine or unit of new wood working, saw mill and logging machinery and equipment costing more than \$250.

• **Hand Files**—These are added to the list of hand service tools covered by E-6, limiting type of steel used and orders which producers may fill.

• **Diamond Dies**—Dies with diameter of 0.0015 inches or less are placed under complete allocation by M-181.

• **Suspension Orders**—By orders effective until their revocation, Manning, Bowman & Co., Meriden, Conn., is prohibited from selling electrical supplies containing aluminum under any conditions and Illinois Pure Co., Lemont, Ill., from selling any articles containing aluminum on orders not rated A-1-J or higher.

• **Woolen Cloth**—Conservation Order M-73, as amended for period Aug. 3 to Jan. 1, 1943, reduces the amount of wool available for all wool fabrics but increases the amount of new wool for mixing with reworked or reused wool, cotton, or rayon.

• **Lingerie**—Restrictions imposed by L-116 are modified by Amendment 1.

• **Flags**—Order M-166 grants a preference rating of A-2 to purchase orders by flag manufacturers for certain fabrics.

• **Priorities Regulation No. 10**—By Amendment No. 1, this regulation is made applicable to purchases by distributors who buy for resale to retailers.

• **Tea and Coffee**—Orders M-111 (tea), and M-135 (coffee), have been amended to enable roasters, packers, and wholesale receivers serving public institutions, but who did not supply such institutions in 1941, to receive an extra supply.

• **Dairy Products**—Processors' preference rating for emergency maintenance and repair materials is raised from A-2 to A-1-J.

• **Petroleum**—Order P-98, which provides for priority assistance to the industry has been extended to July 31, but suppliers who were also class I producers must apply under PRP or the interim procedure prescribed by Priorities Regulation No. 11.

FOR the WOMEN WHO ARE TAKING "THEIR" PLACES



For the Women going into war plants, sanitary washing facilities are needed to prevent loss of production caused by the spreading of skin affections.

Physicians say Dermatitis—skin affection—is a common cause of days lost—and recommend sanitary washing as an important preventive measure.

A Bradley serves 8 to 10 persons simultaneously with clean, running water from a central spray-head. Water and space are saved—piping and piping connections reduced, because each Bradley takes the place of 8 to 10 conventional "single-person" wash basins. The bowl and pedestal are of stone or marble for long life and the conserving of critical metals. . . . Write for "Picture Book of Installations" today. . . . **BRADLEY WASH-FOUNTAIN CO., 2225 W. Michigan Street, Milwaukee, Wisconsin.**

BRADLEY
wash fountains



Stationary Equipment Easily Made PORTABLE With EWC MOUNTINGS

These strenuous days call for easy, flexible portability of all types of machinery. Just tell us the size and weight of the unit, and the likely speed and road conditions. Our years of engineering experience will assure you of sound, practical aid in developing an efficient mounting—wheels, axles, tongue, springs, etc. Write today. No obligation.

EWC WHEELS
Electric Wheel Co., Dept. BW, Quincy, Ill.

Men-in-the-know say: "Good reporting, true, thorough"—Arthur Krock; "Great public service, without white-washing or blackening"—William Hard; "Carefully studied discussion for better understanding"—Eugene Meyer, concerning "Don Nelson's Men" in July 4 issue!



St. subway is being carried ahead to completion with whatever priority assistance it has needed.

Work has been practically suspended on the Dearborn St. subway for almost a year, and will presumably not be resumed unless the traffic jam from the West Side becomes more than the city can bear. In that event, the engineers would build 4,000 ft. of single tube and make a turn-around underground loop. They say that, given necessary priorities, they could hustle the Dearborn St. subway to usable, but far from de luxe, condition in a few months.

• **How the Subway Will Help**—The L loop during the peak rush now carries 72 north-and-south trains, totalling 416 cars, in an hour. At a start-stop crawl, that means an average of 5 to 6 mph. Top limit for smooth operation would be 45 trains.

Here is where the State St. subway fits in. It is estimated to handle on its two tracks a minimum of 74 trains an hour at good speed, and to deliver these to the elevated lines beyond the congested area. Tentative plan is to divert into the subway 43% of North Side L traffic, 80% of South Side. In general, express trains will take the subway route, while locals continue overhead on the L.

• **Attracting New Riders**—Addition of the State St. subway is estimated to increase by 21% the annual passenger traffic of the L. Some of this will be riders attracted by faster schedules, but the bulk of the increase will come from practically doubling the passenger-carrying capacity of the L structure during the rush hours.

Plans currently under way by the Office of Defense Transportation call for staggering the working hours of Chicago plants, stores, offices, and schools. This should spread the peak load across a longer period and raise still more the subway's contribution to increasing the L's annual capacity.

• **Unification Chances Rise**—Obstacles which Chicagoans considered practically insuperable have in recent months been disintegrating under the force of legal moves and public opinion. Chicago's three major public transit mechanisms are streetcar, elevated, and bus. These are under separate ownership, and the first two are in a welter of receiverships and bondholders' committees.

Prerequisite of successful subway operation, according to city authorities, would be getting all of these under one ownership. Unbelievably, the assorted creditors and stockholders have agreed under pressure from the federal court, except for the relatively insignificant bus operation, so that unification now seems just around the corner.

• **Equipment a Problem**—New equipment to be purchased when, eventually, it can be obtained, includes 1,000 subway-elevated cars, 3,750 buses and street cars. There will be city-wide transfers.



TUBBING IN WOOD

When he saw priorities taking materials away from his brass works in Cleveland, Leon Bloch designed a bath tub constructed of plywood and coated with a plastic (it has an all-plastic drain). Although details of its manufacture are a secret, Bloch said the plastic is being made by the Glidden Co. One manufacturer will be turning out about 100 a month, two other firms will be in production within a few weeks, and the product will be priced about 25% below enameled iron tubs, he says.

Goodbye to Taxes

It may sound funny at a time like this to talk of lower taxes, but it's no joke to states losing out on gas levies.

The filling-station man gets most of the public condolences as chief economic victim of gasoline rationing. Generally overlooked, but fully as entitled to sympathetic tears, is the treasurer of almost any state in the restricted areas of the East and the Pacific Northwest.

Reduction of gasoline gallonage, with resultant decrease in sales taxes collected from this source, has already brought a dangerous shrinkage in revenues of numerous rationed states. Likewise reduced will be sales taxes on the assorted accessories and supplies that are used in direct ratio to car mileage. Since it is a fair guess that many cars will be laid up in dead storage when present license plates expire, further shrinkages may be expected.

• **Some Stop**—Wherever possible, legislators will turn to capital values, incomes, or general sales taxes to make up for lost gasoline revenues. But 10 of

The DISSTON

CONSERVATION CONTROL PLAN

to save essential tools,
time and materials
MEETS WITH
NATIONWIDE ACCEPTANCE

CONSERVATION CONTROL CARD No. 7
Flexible Back Metal Band Saws
How to obtain greater efficiency and make saws last longer.

FAILURE	CAUSE	CORRECTION
Stripping teeth	Teeth spacing too coarse.	Use recommended spacing.
	Sawing cut at extremely thin section of material or on a corner.	Start cut where several teeth will contact material at same time.
Premature wear and loss of set	Speed too fast.	Reduce—see recommendations.
	Rubbing in guides.	Adjust so that teeth project beyond guides—also to that teeth project over edge of wheels.
Breaking	Riding on wheels.	If irregular cutting, use proper width, set for radius.
	Twisting in the cut.	Adjust so that top and bottom guides are in alignment.
	Misalignment of guides.	Always adjust guides as close as possible to piece being cut.
	Guides set too far apart, allow band to twist.	Adjust tension to approximately 500 lbs. per inch of saw width.
Cutting out of line	Insufficient tension.	Remove saw from machine or release tension. Where extreme difference of temperature occurs, this practice will prevent leakage.
	Allowing band to remain in tension when set in use.	Adjustment should be made.
	Misalignment of guides.	Set as close as possible.
	Spacing of guides.	Adjust so that teeth project beyond guides—also to that teeth project over edge of wheels.
Feet too heavy.	Set worn on one side due to contact with wheels or guides.	Reduce feed or use coarse tooth set.

(CONTINUED ON OTHER SIDE)
Observe use of bands . . . makes work easier . . . serves vital materials



Throughout the nation, industries of practically every type are applying and endorsing the Disston Conservation Control Plan.

Hundreds of thousands of the Plan's Instruction Cards—covering 34 different kinds of cutting tools—have been distributed. These are the free cards containing information on the correct selection, adjustment, use and care of tools . . . to help save time, material and equipment, for maximum war production.

You can use Disston Conservation Control Cards in your plant to minimize tool breakage, reduce waste, simplify supervision, speed output and improve workmanship. Simply request the type and quantity of cards you require and they will be supplied without charge—whether or not you are a user of Disston products.



Disston Hard Edge, Flexible Back, Metal Cutting Band Saws for high speed precision work on ferrous and non-ferrous metals . . . they cut faster and cleaner.

Take this opportunity to cooperate in an important conservation program which has met with outstanding success throughout American industry. Write today for information and material to Henry Disston & Sons, Inc., 728 Tacony, Philadelphia, Pa., U. S. A.



INFORMATIVE BOOKLET FREE!

This booklet describes the Disston Conservation Control Plan and contains reproductions of Cards and other material . . . also an Order Blank for your convenience. Send for it today!

18 rationed states—Vermont, Massachusetts, New York, Maryland, Delaware, Virginia, North Carolina, South Carolina, Georgia, and Oregon—already impose income taxes, and North Carolina has a general sales tax also. In addition, in many of the states which are predominantly agricultural or which have relatively small populations, gasoline taxes and motor vehicle license fees provide far too large a portion of the total state collections to be readily replaced.

• **Dangers in Statistics**—Precise computation of the percentage of state revenues derived from automotive sources is probably impossible, since many of these are concealed in more inclusive categories. Moreover, reporting practices vary with state laws and customs. Still another factor is that many states turn over a considerable portion of automotive tax revenues to local governments like the counties. Lumping together motor fuel sales levies and motor vehicle license taxes, and figuring the sum as percentage of total tax collections in each state, is unquestionably inexact. But it yields some interesting, indicative statistics.

By this arbitrary method of figuring, the national average in 1941 from these two major automotive classes was 30% of total collections by the states, but 18 states thus obtained 37% or more of their total collections. These states are: Arkansas, Florida, Georgia, Maine, Mississippi, Nebraska, Nevada, New Hampshire, New Mexico, North Carolina, Oklahoma, Oregon, South Carolina, South Dakota, Tennessee, Vermont, Virginia, and Wyoming. It is notable that half of these 18 states are among those now rationed on gasoline, and that some derive as much as 50% of their total tax collections from this source.

• **Impending Difficulties**—Diversion of motor-produced taxes from highway uses is by no means at a uniform rate throughout the states, and in most instances is relatively small. In such states, the effect on general state services may be minor, though highway funds are likely to be scarce for the duration. Those states dependent upon fuel taxes for debt service on their highway bonds may be heading for serious financial trouble, even including defaults.

Even before any effects of compulsory gas rationing could be detected, state revenues were beginning to feel the pinch from voluntary curtailment by the nation's motorists. Total gasoline consumption was up 7.4% in January, up 2.2% in February, off 1.9% in March, and off 9.4% in April.

• **Rural Traffic Slumps**—The Public Roads Administration maintains nearly 600 permanent, automatic traffic counters on rural roads throughout the country. So far this year the count on these roads has been steadily shrinking compared with the same months of 1941:

Devoe WALLUSTRE Paints

Help Step Up Production for Victory



By improving sight with paint you help the National Safety Council's drive to reduce accidents and conserve America's vital manpower for war production.

Given the most efficient machines, the most modern plant layouts, and the best skilled workers, production can never reach its peak unless these workers can see what they are doing with a minimum of eye-strain and resulting fatigue.

Seeing conditions depend on paint as well as on lighting systems. Properly painted walls and ceilings can increase the light available — daylight or artificial — as much as 62%. Scientists in Devoe's famous research laboratories have developed a complete, new line of Wallustre Maintenance paints that is stepping up efficiency in many different lines of industry, conserving and maintaining valuable properties in top condition.

If peak production is your goal, call a Devoe Maintenance Representative trained to help you solve this phase of your problem. Perhaps you need a special moisture, fungi or fume resistant paint. Devoe has what you need with unusual hiding and spreading qualities which make these scientifically formulated paints economical to use. Write us today for descriptive pamphlet (WL-3) on Devoe Wallustre Maintenance Paints.

DEVOE & RAYNOLDS CO., INC.

The 188th year of the oldest paint-maker in America

FIRST AVENUE AT 44th STREET, NEW YORK, N. Y.



January was up 1.1%, February was off 7.6%, March fell 11.5%, and the April drop was 15%.

Sen. Richard B. Russell of Georgia (one of the rationed states which depends most heavily on gasoline taxes) suggested one possible way out of the dilemma when he introduced in Congress a bill requiring the U. S. Treasury to make good all tax revenues lost to the states as a result of gasoline rationing.

New Army Rations

Emergency kits developed by QMC are offered as last word in getting maximum nourishment with minimum weight and bulk.

Tradition has it that an army travels on its stomach, but when a modern army makes time it is likely to leave the camp kitchen far behind. The advance forces of this war—such as parachute troops and commando raiding parties—must be fed with a maximum economy of bulk and weight. Hence the Quartermaster Corps' close attention to the job of providing balanced emergency rations for the soldier away from home base.

• **Sampled by Confectioners**—In New York City last month, the National Confectioners Assn., gathered in convention, invited members of the food trade and press to view the Army's new rations and to meet genial, bulky Col. Rohland H. Isker, chief of the QMC's Subsistence Research Laboratory in Chicago which developed them. A few adventurous guests sniffed and tasted gingerly, then wiped out the memory with cocktails and hors d'œuvres provided by the confectioners.

The Army's emergency rations are just that and nothing more. They provide the maximum of calories and nourishment with the minimum of bulk and weight; they are compounded and packed to stand up under the worst in climatic extremes and rough treatment. They are reasonably palatable, but there is no chance that this man's Army will prefer them to its Sunday fare of chicken and ice cream.

• **A Bet for Explorers**—Postwar commercial possibilities for the rations are pretty well limited to the small demands of hunters, mountain climbers, and polar explorers.

There are five basic Army rations—A, B, C, D, and K. A and B are the standard garrison and field rations, respectively. C, D, and K are emergency rations. A single meal from the C kit consists of a can of meat and vegetable stew or hash, a 2½-oz. biscuit, 1 oz. of confections (five pieces of hard, fruit-flavored candy), ¼ oz. of sugar, ¼ oz. of soluble coffee powder. Newest Army ra-

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showing method
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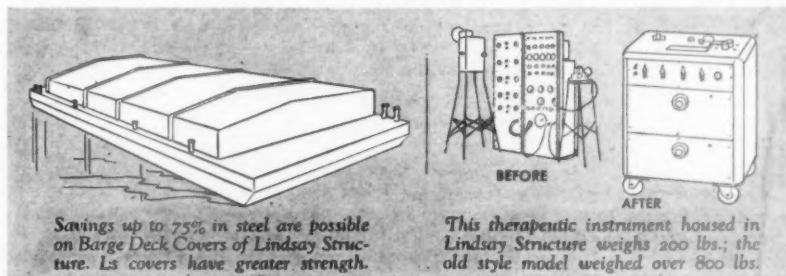
Today thousands of tons of steel are being saved by the use of Lindsay Structure. This modern assembly using light steel sheets is being employed in the construction of war equipment for the U. S. forces. It is used by Canada for mobile workshops, ambulances, and other combat units, with savings up to a ton of steel per truck. Conserving equally large tonnages of steel, fire-proof buildings, machine housings, and many other units

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Furthermore, with Lindsay Structure preformed sheets and framing, cut to exact required dimensions, any structure can be quickly assembled by unskilled workers. There is no riveting, welding, cutting, or waste. Write for information.

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This therapeutic instrument housed in Lindsay Structure weighs 200 lbs.; the old style model weighed over 800 lbs.

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AS devastating as war itself—the dust laden cone of a raging tornado leaves nothing standing in its path of destruction.

Far less dramatic, but none the less destructive—industrial dust is the air-borne menace that strikes at industry to break down machinery—spoil materials in process and cripple the efficiency of trained workers.

Like a tornado, dust attacks without warning! But, fortunately it need not catch any plant unprepared—for scientific research has made the control of atmospheric and process dusts a practical science.

In the forefront of this battle against sabotage by dust—is the engineering and research departments of the American Air Filter Company. Our production of dust control equipment today, is being absorbed almost 100% by war materials manufacturers whose output must keep pace with the unprecedented demands for equipment and materiel—demands never before exacted in the annals of either war or peace.

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387 Central Avenue, Louisville, Kentucky

IN CANADA, DARLING BROTHERS LIMITED, MONTREAL, P. Q.

tion is K, designed for use under approximately the same conditions as C and likely to replace it because it offers as much nourishment—over 1,200 calories per meal—with more variety, approximately half the weight (one K meal, packaged, weighs 32 oz.), and less bulk. It also uses less tin.

The K breakfast kit includes: two kinds of biscuit (one, described as "bland" is named "defense" biscuit, the other is a sweet graham cookie); one can of veal and pork loaf; a package of malted milk dextrose tablets; two packages of soluble coffee powder (dissolves in hot or cold water); sugar; and chewing gum. There is some substitution in dinner and supper units—cheese instead of meat for dinner, for example, because soldiers who tested the rations preferred it.

• **"More Appeal"**—There's no particular reason for calling the K ration "K" instead of "E," which would be the logical sequence. The only explanation that Col. Isker and his men offer is that "the infantry preferred it, thought it had more appeal."

D is the superconcentrated ration. A D meal is a 4-oz., 600-calorie bar which looks like chocolate and somewhat resembles it in taste. Chocolate, sugar, skim milk powder, cocoa fat, oat flour, vanillin, and artificial thiamin chloride (vitamin B₁) are the principal ingredients. The D ration won't melt at any temperatures below 125 degrees F. For the Air Corps, QMC has made up special waterproof, gasproof packages of three D bars to a kit. Water- and gasproofing is done by dipping the newly-developed containers in specially prepared hot wax.

• **What Isn't Revealed**—The Subsistence Laboratory is mum on what use is being made of the rations, whether they have already seen service in the Far East and on other fronts. The only statement that Capt. W. W. Gildersleeve, public relations officer, will make is that "millions" of packages of the emergency fare are now in stock.

Rations are made up and packaged to specifications by well-known national manufacturers—meat packers, confectioners, biscuit makers. Most packages carry the manufacturers' names, but QMC won't allow the press to mention them.

Nor are any official figures available on how the emergency rations compare costwise with the soldier's standard garrison allowance of 52¢ per day. QMC is afraid that publicity might affect bidding on contracts.

• **Tested by Soldiers**—The emergency rations have been tested twice by 1,500 guinea pig soldiers in active service. Each test lasted four or five days. The men lost some weight, because of lowered water intake, but otherwise came through in good shape. Members of Col. Isker's staff also tested the ration.

"We came out feeling fine," said Capt. Gildersleeve.

While the Subsistence Laboratory doesn't pretend that it's serving up lobster and champagne, it considers its fare definitely superior to the "corned willy," "goldfish," and hardtack of the last war. Appetite appeal was an important factor in developing the rations. "We could have packed 5,000 calories in half the space," said Capt. Gildersleeve, of the K ration, "but no one would have eaten it unless he was starving."

• **"Far Superior"**—There's no official word on whether Col. Isker and his assistants have had a look at some of the emergency rations packed by Japanese and German troops, but they will state that the U. S. rations are "far superior to anything we've seen." The rations are not being shipped to other nations under lend-lease and they probably won't be since the Yankee soldier's taste is not that of the British, Australian, Chinese, Free French, et al.

Following Pontiac

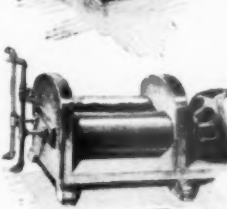
Many cities in Michigan propose share-the-ride plans; Kalamazoo and Port Huron are already making a start.

Extension of the principles of the successful "Pontiac Plan" of motor car conservation is rapidly being undertaken through armament-busied Michigan. Of 36 communities considered affected by the war, two have begun programs in the past fortnight, 17 expect to begin them in the next few weeks, and 10 are in the preliminary phases of organization details.

• **Where There Is Progress**—Kalamazoo and Port Huron are under way with programs which call for sharing of rides, spreading out of peak transit loads through staggering of hours, "courtesy pickups," and other expedients. Administrators to start plans have been named in Detroit, Lansing, Bay City, Port Huron, Ypsilanti, Hamtramck, Ann Arbor, Grosse Pointe, St. Joseph-Benton Harbor, Grand Haven, Ecorse, Centerline, Ferndale, Niles, Monroe, River Rouge, and Melvindale.

Pontiac, home of the plan, has succeeded in multiplying its use of worker-owned cars by 50%. Where 1.3 persons formerly came to work, on an average, in each car parked on a factory lot, more than 1.9 now do. This has been estimated to save as much as 600,000 tire-miles weekly.

• **Can't Stand Success**—There's only one sour note. Tabulators say that every time reports appear promising solutions to the tie problem, the average number of riders per car shows an immediate drop.

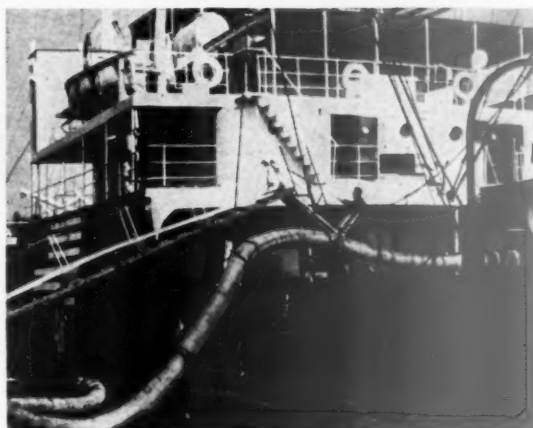


An hour saved in refueling each of a thousand ships means almost 42 days and nights gained for the United Nations.

Day and Night . . .

SYNTHETIC RUBBER

from Trenton is speeding up war shipments



Right now—in the refueling of American ships—synthetic rubber is helping to win the grimmest of all battles with the Axis—the battle of time.

Goodall-Whitehead chemists, who are compounding the "batches" of Synthetic Rubber that go into our Navy's oil hose, realize the race they are in. There must be no defective elements. These big 6" "throats for fuel oil" must never swell, or soften, or flake, or separate. The timing and the technique of curing must be scrupulously supervised.

But it's not a new job for Goodall. Long before Synthetic Rubber was produced on a commercial scale, Goodall-Whitehead chemists were experimentally adapting it to rubber processing methods and developing industrial uses for it. Today, with the supply of natural rubber reduced to a dwindling stockpile, four basic types of synthetic rubber are being used in every-day production in our Trenton mills. Other types of synthetics are going through our Laboratory to be formulated into compounds and combinations that will be ready when commercial quantities are available.

With its head start in synthetics, Goodall is one of many American rubber companies who will not be licked by a temporary lack of natural rubber.

America will still harness the elements with hose and carry her burden on belting . . . Yankee research and ingenuity are resources that can't be bombed or blockaded.

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FACTORY: TRENTON, N. J. ESTABLISHED 1870—72 YEARS OF "KNOW-HOW" OUR MOST VALUABLE COMMODITY

THE WAR—AND BUSINESS ABROAD

Our Stake in the Middle East

Dollar total of investments wasn't large when last compiled, running to about \$70,000,000, but more has been put in since—and strategic value of area is inestimable.

In their desperate drive for the Middle East, the Germans shifted the pressure this week from the Egyptian to the Russian end of the pincers.

With a spectacular break-through between Kharkov and Kursk, Nazi troops made a wide breach in the Soviet lines and reached the Don River in what is expected to be the beginning of a wheeling movement aimed at turning the German spearhead south towards the oil fields of the Caucasus. It is a serious development which is bound to bring fresh demands from Moscow for some second-front move in the West aimed to take the pressure off the Russians until they can reorganize their defenses.

Japan's Position

At the other end of the Axis, Japan also made gains. As anticipated (BW—Jun. 27 '42, p. 42), Tokyo is consolidating its position in the Aleutians, though not without opposition from the United States. This was somewhat neutralized when Washington reported the sinking of Japanese naval vessels engaged in the task of bringing up reinforcements and supplies to recently-captured Attu and Kiska.

And in China, newly-arrived American fighter planes and bombers, making several unexpected and harassing attacks on the long Japanese supply lines, gave courage to Chiang Kai-shek's troops on the fifth anniversary of Japan's all-out drive to capture all of China, despite the week's Nipponese gains.

Egyptian Situation Improves

Rommel's drive for Alexandria and Suez apparently ran out of steam 70 miles short of its first goal while United Nations forces were strongly reinforced with New Zealand and American troops from Palestine, Syria, and Iraq, and by fresh planes. But, despite this encouraging development, strategists are cautious in their optimism because Germany is known to have large numbers of paratroops in Crete and Greece which have not been used yet either to be dropped behind the British lines in Egypt or to assault the weakened defenses of the eastern Mediterranean.

It is plain now that, unless a second front is opened very soon in the West,

the critical battles of this summer are going to be fought in the Middle East (BW—Jul. 4 '42, p. 14), on a front which stretches from the Russian Ukraine, through Iraq, Syria, and Palestine to Egypt. And the first skirmishes on that front have already been won by the Axis.

American Oil Interests

Americans have a relatively small business stake in this part of the world. When Washington, three years before the outbreak of the war, made its last report on American foreign investments, United States holdings in the whole Middle East region were valued at only about \$70,000,000, the biggest single stake being in the Mosul oil fields in Iraq.

Since then, The Texas Co. and the Standard Oil Co. of California have spent large sums developing big, new oil fields along the western shores of the Persian Gulf. And in the year since the first American transportation experts were rushed to the Middle East to help organize wartime supply routes and repair bases, large quantities of equipment have been sent to a new American Red Sea tank and plane re-

pair base, and to Basra where trucks and railroad equipment were sent to bolster the overworked transport systems of both Iraq and Iran.

Americans are now a part of the special commission of United Nations experts which operates the Trans-Iranian Railroad (page 35), and hundreds of American-made trucks are used on the highway systems of the Middle East.

In addition, the American Export Lines had aided United States foreign trade throughout the Mediterranean by the establishment of a regular shipping service from New York with modern vessels.

The Official Figures

According to the official though out-of-date records, United States investments now jeopardized by the crisis in this part of the world include:

Country	No. of Projects	Total Investment
Egypt	16	\$8,305,000
Arabia and Iran	11	17,780,000
Cyprus, Iraq, Palestine and Syria	22	29,605,000
Turkey*	12	13,706,000

* Including European Turkey.

Strategic Importance

But, whatever the direct dollar investment of certain businesses in the Middle East, or whatever their stake in the export and import markets of the half dozen countries whose fate hangs on the outcome of the Battle of Russia and Egypt, the real importance to all Americans of this part of the world today is its strategic value in preventing the Germans from getting its oil, and in the bases it provides for a future offensive against the Axis.



AXIS GOAL

Alexandria—key to the defense of Egypt, principal British naval base in the eastern Mediterranean, and com-

mercial metropolis of northern Africa— anxiously watches the progress of the desert battle 70 miles to the west and scans the skies for the first warning of invading Nazi paratroops.



Axis Threatens Soviet Supply Line Across Iran

Moscow has a special interest in this week's Battle of Egypt.

There are only two important routes over which the Russians are receiving supplies from the United Nations: (1) the North Atlantic, to Murmansk or Archangel, and (2) the South Atlantic to the Persian Gulf, and across the Trans-Iranian Railroad to the Caspian Sea (see map).

During the last two months the northern route has been blasted steadily and devastatingly by Norway-based Nazi planes and submarines, and there is no sign of any letup.

Now, with the Germans breaking through in the Ukraine, with General Rommel's forces battling grimly to capture Suez, and with Axis paratroops poised in Crete and Greece for a possible attack on Syria and Palestine, the trans-Iranian supply route is also threatened. Though the railroad is more than a thousand miles from the Mediterranean battlefront, Alexandria, Suez,

and Haifa are the last bastions at which it can be effectively defended.

The trans-Iranian is a little-known rail route, mainly because it was completed only a year before the war.

Begun in 1927, the road was built by British, American, German, and Swedish engineers, and cost more than \$140,000,000. It crosses mountainous Iran from the Persian Gulf to the Caspian Sea through a maze of 250 tunnels and across more than 100 bridges, at least four of which are more than 300 ft. long. It is a standard gauge, single track line for its entire 800 miles.

Today the railroad is operated under the supervision of British, Russian, and American technicians who are utilizing every available piece of rolling stock to rush war supplies across Iran to the war's No. 1 battlefield in the Ukraine. With the great oil fields near its southern terminal, it is a major objective of any Axis drive in the Middle East.



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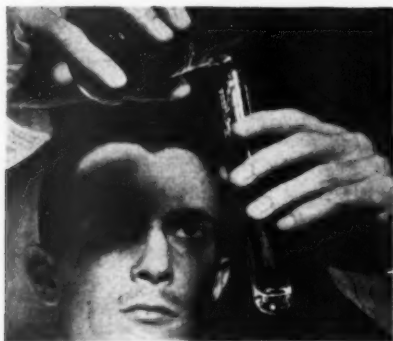
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AETNA LIFE
INSURANCE COMPANY
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Mines Licensed

Canada acts to prevent any expansion in output of gold and silver but producers of the base metals will be aided.

OTTAWA—All Canadian mining companies are to be placed under license immediately by Metals Controller George Bateman. Main purpose of the move is to formalize and secure enforcement of a six-month-old ruling by Bateman against expansion in the operations of gold and silver mines. But it also ties in with the Ottawa-Washington agreement for Reconstruction Finance Corp. financing of the development of submarginal strategic mineral properties in Canada for United States war production needs.

• **Warning Ignored**—A few gold mining companies disregarded Bateman's earlier informal curb on expansion and he is now putting teeth in it to make it stick. Most of the equipment for expansion has to come from the United States and Bateman has assured Washington that machinery for nonstrategic mining development will not be ordered if the business competes with war industry.

Certain offending companies defied the authorities and tried to order machinery for expansion. The crack-down brings the entire industry under rigid government supervision. Gold and silver companies will be restricted in output to the average for the first four months of this year.

Licensing of base metal mines will help Bateman to direct expansion of strategic development under the financing agreement.

• **Wartime Expedient**—United States financing of submarginal mineral properties in Canada is regarded by both Washington and Ottawa officials who arranged it as a second-choice compromise, even though the output is to go exclusively to the United States. Original negotiations favored the plan of extending to Canadian mines the same treatment as Washington is giving to those in the United States to encourage submarginal development: a price premium on the output of submarginal operations over that from high-grade mines. But Washington abandoned the price-premium method for Canada because of the danger of complications with such other sources of strategic mineral supply as South America possesses.

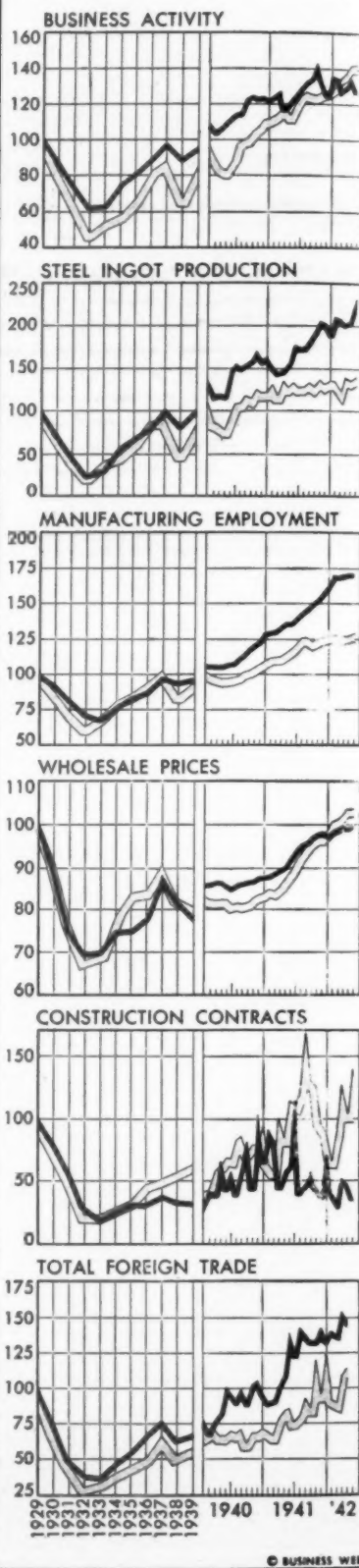
As understood here, the agreement provides for repayment of RFC advances out of the proceeds from the sale in the United States of the output of low-grade operations. Repayments are to be on a percentage basis, the percentage of proceeds from output to be fixed

TREND OF BUSINESS CANADA AND U.S.

1929 = 100

CANADA

U.S.





Before War Birds Leave Their Nests

MAN-MADE fledglings aren't sent out to fly until their electrical systems have been thoroughly tested. But, because their batteries haven't been installed when testing time comes along, there's no "juice" available within the ships themselves.



So Mallory Rectostarters, compact power cabinets on wheels, swing into action. A Rectostarter, pinch-hitting for a battery, transforms and rectifies the aircraft factory's normal alternating current into direct current. Then this DC voltage coming from a Rectostarter may be varied to simulate actual flying needs, so as to test all the plane's electrical equipment . . . and even start its engine for its first test flight away from the nest.

A Rectostarter has a big job to do, when you consider that operating all of a modern long-range bomber's electrical apparatus takes more current than a small town! Retractable landing gear, motor-driven gun turrets, electrically operated machine guns and variable-pitch propellers, lights, radio and other equipment . . . a total of more than 20 motors in one plane. Yet a single Rectostarter can test all



Official Photograph—U. S. Navy

this apparatus . . . or start the engines . . . of three planes at one time!

Civilian airports also wheel Rectostarters out to crank airliner engines and save battery power, or occasionally to charge a plane's battery without removing it. Mallory Stationary Rectostarters serve in aircraft engine plants to start "green" engines on the test stands.

Many other Mallory products . . . including contacts, switches, noise filters, resistance welding tips . . . help "Keep 'Em Flying". Yet this service to the aviation industry represents only a small part of Mallory's broad activities in many industries. Many of those activities are now directed to War production, but the developments of Mallory engineers have much significance for industrial progress when a Peace footing is resumed. Some of them may be of real value in your own industry. P. R. Mallory & Co., Inc., Indianapolis, Ind. Cable "Pelmallo".

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SERVES THE AERONAUTICAL, AUTOMOTIVE, ELECTRICAL, GEO-PHYSICAL, RADIO AND INDUSTRIAL FIELDS WITH . . . ELECTRICAL CONTACTS, WELDING ELECTRODES, NON-FERROUS ALLOYS, POWDERED METAL PRODUCTS AND BI-METALS . . . RECTIFIERS, DRY ELECTROLYTIC CAPACITORS, SPECIAL HIGH RATIO ANODE PLATE CAPACITORS, VIBRATORS, VITREOUS RESISTORS, POTENTIOMETERS, RHEOSTATS, ROTARY SWITCHES, SINGLE AND MULTIPLE PUSH BUTTON SWITCHES, POWER SUPPLIES, BATTERY BOOSTERS AND CHARGERS

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"We bought this machine a few years ago for posting our customers' accounts, but today, that is just a part-time job.

"So Burroughs showed us how we can also use this machine to post our material and cost records and write our complete payroll."



Under today's wartime conditions, Burroughs systems and installation men are rendering invaluable aid to Burroughs users by showing them how to make the fullest use of the equipment they now own . . . how to adapt their present machines to new conditions . . . how to make them last as long as possible. Can Burroughs be of help to you? Telephone the local Burroughs office, or, if more convenient, write to—

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under contract with each individual company.

● **How It Is Handled**—Bateman will act as Canadian agent for the RFC and determine the properties to be developed and, subject to RFC approval, the terms of contracts, including those governing repayment. Repayment obligations are to be considered discharged when the war emergency ends.

Canadian mining authorities do not expect either RFC investment or new mining developments to be on a huge scale.

Strategic mining for Canada's own war purposes is being promoted by the new budget tax exemption for investments in certain nonmetallic mining.

● **Retailer Resentment**—Canadian retailers are embattled against Finance Minister Ilsley's budget provision making them responsible for the collection of most of his new war excise taxes on non-essentials. The budget provides for the taxes being treated separately from the ceiling prices of the goods affected. Tax stamps have to be affixed to the article or sales slip and the amount of the tax shown separately on the slip.

The tax was made collectible at the retail level mainly to avoid conflict with the price ceiling. But retailers protest that with much of their experienced help lost to war jobs they are not equipped to act as tax collectors. In part, their case is based on the volume of paper work and on the complications involved in the return or exchange of purchases. Return of goods to a retailer or exchange for lower priced goods involves a refund to the purchaser of the tax collected and a claim by the retailer to the government for a refund where the tax has been remitted.

● **Tax Dilemma**—Decision as to whether the tax can be collected at the manufacturer's level without prejudice to price ceiling policy will be made when detail provisions of the budget are being put through Commons.

Rulings by the Price Ceiling Administration bar wholesale or retail markups on the amount by which the cost of an article is increased by the excise tax where the tax is paid by the manufacturer. Wholesale and retail prices may reflect the tax but there is to be no profit on the tax itself.

● **State Cattle Monopoly**—Because Canada set up its price ceiling system several months before the United States, there are price differentials between the two countries which cause occasional foreign trade complications.

One of these arose several months ago when the higher price for beef in the United States caused a rush to buy the full import quota of Canadian beef now allowed by trade agreement between the two countries. But because Canada—as a part of its war effort—is shipping large quantities of beef to Britain, this created a shortage in the

Canadian market and a great deal of consternation in the meat trade.

Ottawa solved the problem last week, but in doing so set up a virtual government monopoly of the beef cattle trade.

• **Ottawa Subsidizes Beef**—Under the new plan, Canada's Wartime Prices and Trade Board has created a subsidiary organization called Wartime Foods, Ltd. This new organization now buys all cattle that might otherwise be exported. They pay the standard export price to the cattle growers, which means that Ottawa is now subsidizing another farm product to the extent that this price is higher than the domestic price ceiling for beef. Whenever there is a surplus of cattle over domestic requirements, Wartime Foods will do the exporting.

The government company will sell cattle to packers at prices which will protect beef price ceilings on both a regional and seasonal basis. It has also arranged to supply the beef cattle requirements of the army in Canada, acting as agent for the purchasing division of Munitions and Supply Department.

• **Other Monopolies**—With the supply of scarce consumer commodities becoming a major concern of the price control authorities, the Wartime Prices and Trade Board is being compelled to expand its monopoly operations. Hector McKinnon's Commodity Price Stabilization Corp., an agency of WPTB, started the trend with the centralized buying abroad of all Canadian requirements of raisins and currants.

It has now taken over import buying of coffee, cocoa beans, bristles, raw and dressed horsehair, and all grapefruit juice for Army camps. Shortly it will add spices.

It also does a nice monopoly business in calfskins, buying all domestic skins and exporting the surplus to the United States at a profit which is increased by the exchange differential.

• **Savings Allowances**—Finance Minister Ilsley did not go far enough to satisfy life insurance companies in his provision for allowing voluntary savings to be deducted from compulsory savings collected as part of income taxes. The deductions for insurance premiums are limited to insurance in force at the date of the budget. He may have to enlarge the provision to take in new insurance.

LITERATURE CARRIES ON

MOSCOW—One of the largest Soviet publishing houses is now rushing preparation of one-volume editions of 300 Russian and world classics to restock library shelves in towns freed from the Germans since the beginning of the year. English and American authors will be represented in the new one-volume series by Chaucer, Charles Dickens, Laurence Sterne, Bernard Shaw, Rudyard Kipling, Mark Twain, Jack London, A. Conan Doyle, and Erskine Caldwell.

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75,000 Tanks
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Merchant Shipping

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The biggest order of all time is being completed ahead of schedule!

American men and women backed by American processes and American machines have made it possible.

For example, this Bullard Mult-Au-Matic is machining airplane propeller spiders in 6 minutes instead of 96 minutes.

Thousands of Bullard machines, in the Arsenals of Democracy, are working 24 hours a day to bring us a quicker victory. Some day these same machines will be just as important in the fight for peacetime prosperity and success.

THE BULLARD COMPANY BRIDGEPORT, CONNECTICUT

BULLARD

Household Hints

America not only sends Britain canned meats as part of lend-lease aid but has devised recipes on how to use them.

LONDON—The British Broadcasting Corp. and the cookery pages of British newspapers have of late been publicizing recipes specially devised to help housewives in using American canned pork, a product heretofore a stranger to the British public. Neither the bank clerk's wife in Upper Tooting nor the navy's wife in Cardiff had been accustomed to such canned products as luncheon meat, corned pork, pork tongue, chopped ham, and pork sausage meat. Lend-lease changed that.

• **Consumer Resistance**—Such meat products have been arriving for months in large quantities, and some of them were so hard to sell to housewives that their coupon prices had to be reduced. Most of them carry the lend-lease label of "U.S.A. Product" with screaming eagle (BW—Jun.13'42,p35) but a few have been coming through bearing brand names of familiar U. S. packers (BW—Jan.31'42,p34).

When word of the consumers' difficulty reached American packers, they undertook through their meat institute to develop a cook book showing how to use these foods. Preparing the book was quite a trick, because the materials currently available in Britain impose restrictions unfamiliar to American dietitians.

• **A Typical Drawback**—Where, for instance, an American cook might lightly heartedly prepare a serving of ground meat incorporating cracker crumbs and egg to hold it together in patties or loaf during cooking, no English housewife would sacrifice her whole week's allotment of eggs in such spendthrift fashion.

After protracted correspondence between dietary authorities in the Ministry of Foods and the American meat industry's home economists, a cookbook text evolved to fit this set of needs.

• **Where to Print It**—It was not printed in America, however, because several million cookbooks would require too much shipping space. The shortage of paper precluded its publication in Britain. Eventually the recipes were issued through newspaper releases and the wireless.

Long-pull importance of this educational program is that these American foods are thus being built into the British diet and some of them are gaining high favor with consumers. Whether the American meat industry elects to retain this market after the war will probably be the free choice of those packers who cultivate export trade.

Behind the War Headlines

Foreign trade came one step nearer to complete government control this week when Washington announced that, after Aug. 15, no heavy cargo can be accepted by steamship companies for delivery in Latin America without a license from the Board of Economic Warfare. With the shipping shortage becoming increasingly acute, nothing but absolute essentials will be allowed space.

At the same time the War Shipping Administration has greatly extended its staff in the principal ports as a means of handling inbound and outbound shipments more nearly in line with war requirements and in accordance with BEW shipping priorities. The War Production Board has created a special Foreign Requirements Branch to handle material allocations for foreign sales.

There are insiders who believe that it is only a matter of months until all imports from Latin America are handled by government agencies.

All-Rail to Mexico

New York offices of the Mexican Railways, deluged with requests for information, say that freight can be delivered to the Guatemalan border from the United States over standard gauge lines, without breaking carload shipments. Then a short truck haul over the border leads to rail connections throughout Guatemala and Salvador and a second barge haul, through protected waters, would reach additional lines in Nicaragua and Honduras.

That a standard-gauge rail route exists to the southern Mexican border is a surprise to many people. Most of it is over the Mexican National Railways, a shorter portion over the Mexican Railways, with a considerable part over the Tehuantepec route. Mexico City is by-passed. Total length, from Nuevo Laredo to Suchiate, is about 1,500 miles, the freight rate per cwt. being \$2.02. How much freight, other than official military tonnage, can be moved is not known now either in Mexico City or in Washington.

Investors Turn South

Watch for a spurt of activity in Mexican investments.

Following the announcement that Shields and Co., New York investment bankers, are completing negotiations for the purchase of La Consolidada, second largest steel enterprise

in Mexico, rumors have spread that United States and Mexican capital will combine to purchase Axis business concerns in Mexico.

For the present the Mexican government is operating the properties—which include retail and wholesale businesses, banks, industries, and plantations.

Several large investment deals are under consideration in New York and Washington now.

At the same time, several big United States mining companies are expanding their operations in Mexico because of the assured higher prices which are now being paid by the Metals Reserve Co. for all strategic minerals.

U. S. in Wheat Pool

Plans to feed the people in Axis-occupied territories are progressing with plans for the opening by the United Nations of a second front in Europe.

Five nations—Britain, Canada, Australia, Argentina, and the United States—have agreed to create a 100,000,000 bu. wheat pool to be used (1) for relief purposes, and (2) to form the nucleus for a postwar international agreement to control prices, production, and exports.

The United States is supplying 50,000,000 bu. for the initial pool, and Britain and Canada 25,000,000 each.

More Lessons From Britain

Americans, watching Britain for new wartime business curbs which may ultimately be adopted in this country, noted these recent moves by London:

The manufacture of ice cream will be banned after Sept. 30.

Dehydrated butter is being produced in New Zealand and the British government has placed an initial order for 20,000 tons.

London has ordered 200 soft drink plants to close in a new drive that has been inaugurated to curtail imports of raw materials.

Retail shoe stores are being urged by the Board of Trade to "concentrate" their business in a limited number of retail outlets (BW—Jan. 31'42,p34). So far the plan is voluntary, though the Board of Trade has already forbidden the opening of new shops and has cut the supply of leather for shoes by more than 30% during 1942.



U-Boats have ears on shore!

If you know something about ship or troop movements, keep it to yourself. Just one careless remark—picked up by enemy ears—may sink a ship!

Carelessness invites Defeat !



For his sake, YOU be careful! It doesn't help the morale of our fighters to learn their relatives or friends have been injured, or their homes burned. Be careful everywhere, in all you do.



Fast driving slows war work. It leads to accidents—and every damaged car takes materials and labor needed for war work. Personal injuries cause loss of man power. Drive carefully!

Fight this enemy of Production —wherever you find it!

With victory hanging on how much and how fast America can produce, we've got to stop our needless, *careless* wasting of man-power, machines and materials.

Take just one example of what carelessness can do. During the eleven months when England was most heavily bombed, automobiles killed *more* people in America than the Luftwaffe killed over there!

Every fire, every accident slows production—gives aid and comfort to our enemies. It's up to you and *you* and **YOU** to help stop these tragic losses.

Your Hartford Insurance Agent or your broker can obtain valuable advice for you on fire and accident prevention. Be careful yourself—urge others to be careful—fight carelessness wherever you find it!

Keep 'em Flying!



It needn't take a bomb to start a fire here. One careless act can serve our enemies just as well! Most stuff in attics is useless. Why not clean out *yours*? Homes are hard to replace now.



Get expert advice on fire and accident prevention. Call Western Union or Canadian National Telegraphs and ask for the nearest Hartford Agent's name. He can obtain helpful suggestions for you and protect you against losses through the "NEW Way of Buying Insurance." Or talk to your broker.

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HARTFORD, CONNECTICUT

MARKETING

Standards Halted

Quaker Oats wins decision that its farina can't be kept from market by FDA standards for just plain and enriched products.

The Food and Drug Administration's whole theory of food standardization suffered a severe setback when the Seventh Circuit Court of Appeals set aside the recently promulgated standards of identity for farina and enriched farina.

Of greater immediate significance is the possibility that this might knock the props out from under the whole national nutrition program by nullifying the standard for enriched flour and prohibiting FDA from going ahead with the standardization of enriched bread. Without enriched bread and enriched flour, the struggling nutrition program would go nowhere fast, and unless those products were standardized, it's likely that the campaign would collapse, for the government probably wouldn't want to promote the use of the enriched flour and bread of vitamin and mineral fortification formulas varied from manufacturer to manufacturer.

• **Quaker Oats Protests**—The court's decision was rendered in an appeal made by Quaker Oats against the two farina standards (BW—Sep. 13 '41, p. 52). Quaker contended that FDA's standardization program prohibited it from continuing to market its farina, enriched with vitamin D. This product has been on the market since 1932, and millions of packages have been sold annually.

Under FDA's plan of standardizing farina—the same plan was used on flour and is being used on bread—standards were promulgated for plain farina and enriched farina. No vitamins or minerals could be added to the former, and specified amounts of three vitamin B

factors and iron had to be added to the latter to justify use of the word "enriched." In addition, vitamin D or calcium could be added to the enriched farina if the manufacturer wished to do so.

• **In the Middle**—Thus, Quaker's farina with D was caught on both horns of a dilemma; it couldn't be sold as plain farina without violating FDA's basic standard, and it couldn't be sold as enriched farina unless the four other required ingredients were added.

In effect, the court ruled that FDA's standardization activities could not prohibit the manufacture and sale of an "admittedly wholesome and healthful" product that "has been sold to millions of consumers without deception, fraud, or misrepresentation of any kind or character."

The court declared that the government exceeded its authority in promulgating the farina standards, and that, even if authority existed for them, they were unreasonable. The decision was based on two major points: (1) The right to make standards to promote honesty and fair dealing in the interest of the consumer, as provided in the Food, Drug, and Cosmetic act, does not authorize standardization designed to improve public health or nutritional education; and (2) it is possible for a label declaration to correct what would otherwise constitute a misbranding through use of a standardized name on a non-standardized food product.

• **For Fraud Prevention Only**—Since FDA's basis for promulgating its enriched farina standard was to protect public health by insuring that at least three vitamin B factors and iron are present in all fortified farina, this means that the government must base future standards only on the ground that the provisions are designed to prevent fraud or deception.

What is worse from FDA's standpoint is the implication that a food can be

made outside the compass of a standard and still be free from enforcement action if the label indicates its variation from the standard. Thus, FDA men feel that standardization becomes merely an empty gesture—a starting point from which all types of non-standard variations can develop. FDA men hope the Justice Department will permit an appeal to the Supreme Court.

Hosiery's New Era

Wartime experience with rayon and known potentialities of nylon and other materials may rule out return to silk.

When the great silk stocking grab seized the nation's retail stores last August (BW—Aug. 9 '41, p. 24), most American women figured that wearing rayon hosiery would be their biggest wartime sacrifice. Manufacturers of women's full-fashioned stockings likewise were of the opinion that fate had singled them out for undue suffering.

• **Real Pinch Arrives**—The silk shortage has since been swallowed up in myriad of other shortages and even the addition of a nylon shortage has brought the hosiery industry little extra attention. Actually, however, it is just now that full-fashioned manufacturers are really beginning to feel the pinch.

Combination of silk and nylon with other fibers—mostly rayon and cotton for stocking welts (tops) and feet—stretched supplies almost twice as far as anyone had expected. And the search for every available bit of unfrozen silk turned up unexpected resources. The extent to which the search scraped bottom may be judged by the fact that the National Assn. of Hosiery Manufacturers even threw in a few hundred pounds of silk from its research laboratory.

• **Nearing the Zero Point**—Now, however, shipments of all-silk and all-nylon hosiery have dwindled almost to the zero point. Even production of part-silk and part-nylon, which boomed at the begin-



HOME SHELTER

Now being released to department stores for sale to the general public, is



the first air raid shelter constructed entirely of wood—no nailing. Delivered to the home in 43 pieces, it can



be assembled easily with no tools other than a hammer. It accommodates two adults and a child.

ning of the crisis, is beginning to fall off. One prediction (by John Shireman, chief of the War Production Board's knit goods section) is that by Aug. 1—one year from the date of silk-freezing—90% of the production of women's full-fashioned hosiery will be rayon, the other 10% cotton.

Rayon now accounts for more than half of full-fashioned shipments—compared with a fraction of 1% this time last year.

● **Improved Techniques**—General conclusion of yarn producers, manufacturers, retailers, and consumers after a limited experience with rayon is that it is working out a great deal better than anyone expected. Credit for this goes largely to improvements in production techniques.

Manufacturers are learning how much twist rayon can take (a high twist makes rayon appear sheerer, duller, gives greater strength and elasticity, but the heavier yarns can't stand as much twist as the finer). New sizings have been developed which protect the stockings during manufacture. New finishes give a duller, more attractive sheen. Formerly used only by low-priced makers, rayon is now being manufactured under quality controls. One much-publicized quality-control plan is that of Crepe de Chine, Inc., which has stockings made by manufacturers to whom it supplies yarn which has previously been tested by the U. S. Testing Co.

● **Longer Welt Required**—Full-fashioned makers have learned that they must knit a longer welt on rayon than on silk and nylon. Rayons tend to bag about the knees after they have been worn a few hours, and most women correct the trouble by fastening their supporters further and further down until they get them



Hosiery manufacturers who have converted their mills to the production of rayon stockings are interested in research projects which are now being conducted at the American Viscose Corp.'s experimental hosiery mill, where various types of thread are being tested.

out of the reinforced welt and into the body of the stocking, where they may pull and cause a run. Longer welts are the answer. Some 7½ in. welts are used. The manufacturers and retailers, taking

courage from the improvement in rayons, have attempted some tentative promotion. Slickest stunt thus far has been the party at which Gotham Hosiery Co. invited members of the fashion press to guess whether stockings on models' legs were of silk, nylon, or rayon. Since the average score in the contest was only about 40% correct, Gotham was able to put over its point—that rayons can be made to appear as attractive as silks or nylons. The guessing game idea is now being picked up by a number of department stores scattered over the country.

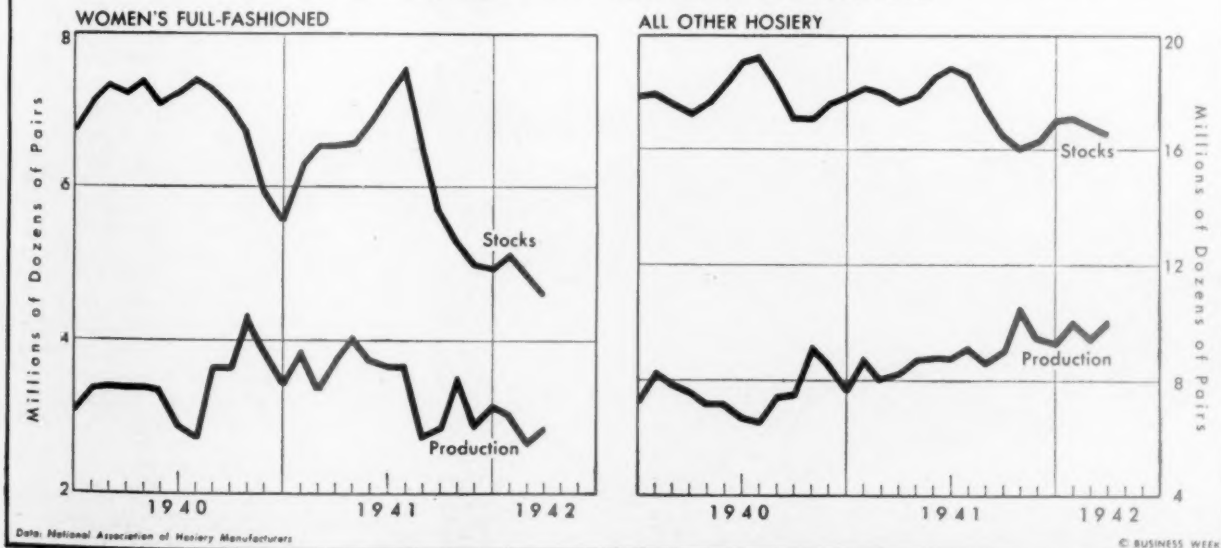
● **Wearing Qualities**—On the score of serviceability, most of the rayon publicity has been negative. Hosiery people figure it will be better in the long run for the benefit of their industry if women don't expect too much of rayons in the way of wear during their wartime stages of development.

American Viscose Corp. recently took full-page space in a group of women's magazines to warn consumers that they must not ask too much of the wartime crop of rayon stockings. The advertisement included instructions on caring for rayons, stressing particularly the fact that they should be washed carefully, not worn until thoroughly dry. Rayons take some 48 hours to dry. This fact may confer one back-handed benefit upon the retailers. The stores are now finding that it is easier to sell two or three pairs at a time.

● **Fewer Returns**—Individual department stores report that their returns on rayons are less than on silks. Women expect less of rayon in the first place, take better care of it in the second. Some idea of the care that's being taken may be gleaned from the fact that American viscose has had requests for nearly

WHAT THE WAR HAS DONE TO HOSIERY

Over-all production rises, but not enough to keep stocks from dwindling. And for women's full-fashioned stockings, the largest and most profitable section of the industry, there are only troubles and red ink ahead from now until the end of the war





We, too, know a little about winning wars

Man, to keep his head above water, to leave civilization a bit better than he found it . . . has known many kinds of war.

Our simple task, as we see it here at MILLER, has been to share his struggle . . . to help him win.

In 98 years we've faced five wars of blood and gunpowder with him . . . as even today our plant and our people are working around the clock on precision parts of steel, brass, bronze and aluminum for munitions and machines that fight.

We thank our stars the skilled hands of MILLER craftsmen can shape these things so expertly.

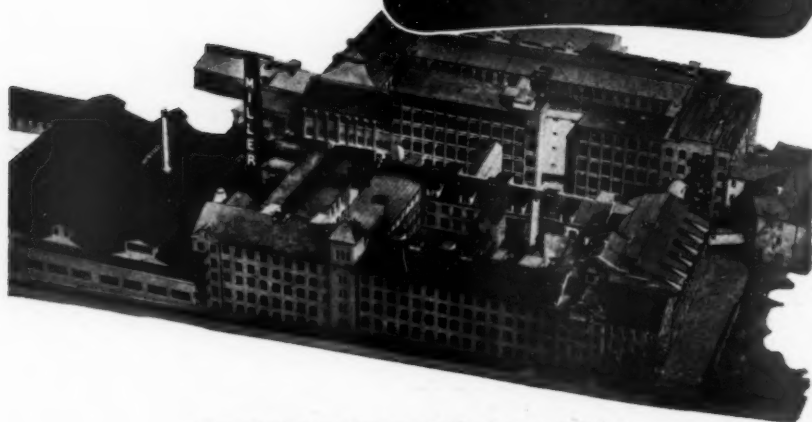
But there have been other kinds of war . . .

Periods of depression are war. Periods of boom and inflation are war. We have battled through these, too, trying to help man by giving him one of his most fundamental tools... *better lighting*... so he could work better, faster, more usefully and profitably, and with less fatigue.

The net result of our endless research and sweat and toil is a modern method of lighting, the MILLER Continuous Wireway Fluorescent Lighting System. Today it is working for victory by providing levels of illumination man has never benefited by before... tomorrow it will be the light that will brighten the peacetime factories, shops and fire-sides of a new America.

BUY U.S. WAR BONDS

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MILLER COMPANY
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Craftsmen in metal since 1844

10,000,000 pieces of literature on the subject.

Rayons may prove to have an important advantage for manufacturers of branded, nationally-advertised hosiery. In Canada, where the silk-nylon shortage was felt earlier than here, there seems to have been a definite swing toward higher-priced advertised brands. Every of rayons anyhow, women want to be sure they get the best. Gotham, with mills in Canada, used to sell only 40% of its output under its own brand. Now 100% of Gotham's Canadian production is branded.

• **Farewell to Silk?**—One thing seems almost certain. When the war is over, the full-fashioned industry will not revert to its old raw materials and production techniques. Many manufacturers believe that—whether it is available or not—they will use no more silk. They think that women's stockings will be made of rayon (the high-tenacity rayon, all of which is now being used for parachutes and airplane tires) and nylon. They expect that most stockings for luxury wear will be seamless nylons.

Nylon can be "pre-boarded," that is, it can be shaped during manufacture and will hold that shape through an unlimited number of washings and wearings. Thus, nylon seems to be a natural for seamless stockings, which, in the past, have been principally shapeless, low-priced affairs. A few seamless nylons were put on the market this spring—before nylon was taken away from the hosiery industry—and they sold like hotcakes.

• **Other Possibilities**—Hosiery men are keeping an eye on other postwar possibilities, notably Vinyon and Koroscol. With all these prospects, they see no reason for returning to silk, which always has had certain disadvantages, chief among which have been wide price fluctuations and variations in quality.

Seeing what quality hosiery manufacturers can do even with the sort of rayon they are getting now, yarn producers are perking up, taking an active interest in the stocking business. When the government first asked them to help make up the silk deficiency by setting aside a percentage of output for hosiery, many rayon producers were disgruntled. They were afraid rayon would get a bad name as a wartime substitute.

• **Marking Time**—Whatever its postwar potential, all the full-fashioned industry can do for the present is take a big hitch in its belt. There will be no more silk and, almost certainly, no more nylon. Du Pont announced last February that it would make available, on a spot basis, such nylon as might be left over after the Army and Navy had taken what they needed (BW—Feb. 21 '42, p. 37). Thus far, no spot nylon has been forthcoming.

The squeeze on long-staple cotton, suitable for making full-fashioned stockings, is just as tight as the squeeze on

silk and nylon. This leaves only rayon. At present, WPB requires rayon producers to set aside 15% of their output of viscose and cuprammonium yarns for the hosiery industry. Hitch is that this 15% is subtracted from the balance left after yarn producers have taken out the rayon they are required to ship to Latin America and the rayon that goes into war production.

• **Less and Less**—Since the war is taking more and more rayon, it looks as though the hosiery industry will get less and less. Close observers of the full-fashioned business predict that the more substantial manufacturers will be lucky if they can keep themselves going at 55% or 65% capacity from now until the end of the war. Marginal companies are counted out entirely.

Despite the troubles of full-fashioned makers, shipments of all types of hosiery increased 8% in the first four months of this year over the same period in 1941. Big military orders and a boom in sales of practically everything but quality women's hosiery accounted for the increase. But the full-fashioned slump will have more effect on the industry than the overall shipment figures show.

• **Industry's Complexion**—Of the 1,000-odd hosiery manufacturers in the country, almost half make women's full-fashioned stockings. In 1939, the hosiery industry produced 43,078,000 dozen pairs of women's full-fashioned stockings, 93,663,000 pairs of all other types of hosiery. But in the same year, the manufactured value of women's full-fashioneds was estimated at \$277,000,000, that of all other hosiery at \$138,000,000.

Full-fashioned makers have one consolation. The freak market conditions of the past few months have enabled them to pad their bankrolls against the coming slump. In the wake of the August buying panic, prices and profit margins skyrocketed. Reports issued last week on the recent earnings records of three large full-fashioned makers—Gotham, Julius Kayser & Co., and Van Raalte Co., Inc.—show them all with profits substantially above pre-panic levels.

RATIONING WINDFALL

Travel restrictions and gas rationing may help remedy radio's recurrent malady—the familiar “summer slump.” Advertisers have been in the habit of pulling first string performers off the air during the summer months, filling in with substitutes until snow flew. Now the thinking is that families may be sitting home evenings instead of gallivanting about the highways and some first class radio entertainment might hit the spot.

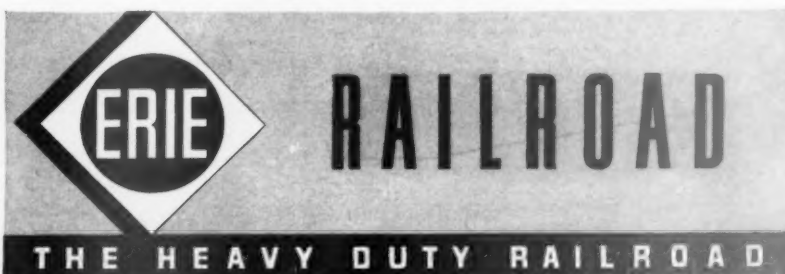
Notably, this week R. J. Reynolds announced that an hour-long Friday evening variety show will go out over CBS for Camels, beginning July 10.



Will it Clear?

• Tremendous oversize loads will clear on the Erie, America's Heavy Duty Railroad. For clearances on the Erie, established in the days of broad gauge track, are *high and wide*.

Today, as industry hustles to outproduce the Axis, Erie's unusual heavy duty capacity is of greater importance than ever.





"Cover-to-cover, the facts indicate it is one of the most **USEFUL** magazines in America today. Wherever you find it, you find a business man . . . well informed."

HAMMER'S MODERN SUCCESSOR

The HANSCO TACKER

PUT your tack-driving on a modern, accident-proof, waste-proof basis. Use the HANSCO T-1 One-Hand Tacker. First device of its kind to drive tacks! Drives into hard wood, thru thin metal or tin. Does a wide variety of tacking and fastening jobs—wherever glues or tacks are used. Drives Hansen T-head Tacks in four lengths, 3/16" to 1/4". Holds strip of 100 T-head Tacks. Drives as fast as you grip. Investigate!

A.L. HANSEN MFG. CO. 5102 RAVENWOOD AVENUE CHICAGO, ILL.

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RATES FROM \$3.25

WHAT'S ON YOUR MIND?

PROBABLY plenty these days. If it's anything associated with Management personnel you need—or placing your services—if it has to do with financing, plant expansion (or disposal) or product distribution, other readers of Business Week can undoubtedly solve your problem. You can get their attention at small cost (50 cents a word) through "clues" non-display advertising in Business Week. Copy for July 18 required by the 14th.

Show will be studded with such stars as Lanny Ross, Xavier Cugat, Connie Boswell, and Margo. The show and various shifts will leave Camels with as much time on the air this summer as it had during the winter.

Radio's gain is outdoor advertising's loss. Burma-Vita Co., maker of Burma Shave and a consistent and successful practitioner of outdoor advertising, has announced that it will discontinue its annual "Jingle Contest" for roadside advertising material "because of decreasing traffic caused by motor car restrictions."

The Baker's Gain

Housewife who can't get enough sugar to make her own pies and cakes now buys them. Substitute sweeteners boom.

Sugar rationing, as expected, shifted some of the home kitchen chores over to commercial kitchens. The housewife has, in effect, let the commercial baker use his sugar for the family dessert instead of investing her own limited coupons in pie, cakes and cookies whipped up on her own premises. It is one way of stretching the household sugar supply.

• **Buying Predictions**—Latest guess on the extent of the swing from home-made to store-bought desserts is the Bakers Weekly report on an advertising poll indicating that 18% of housewives are going to buy more bakery pie, 34% more bakery cake, and 48% more bakery cookies. The kitchen boss will also swing sharply to fruits, fresh, canned and dried, and to ice cream, ready-made gelatin desserts, and prepared puddings.

It is certain, however, that the housewife won't swing very strongly to fruits like sour cherries that require larger amounts of sugar than the homemade desserts they might be called upon to replace. If naturally sweet fruits won't fill the bill, families necessarily are obliged to fall back on bakery products and the packaged desserts.

Commercial bakeries would have derived more pleasure from the surge of new business if they themselves had not been cut to 70% of their base period use. However, they have found a few ways to make up the lack and to satisfy the active market.

• **Substitutes Help**—The industry, for example, is using every pound of dextrose, glucose, corn syrup, or other sweetening that it can get. (Dextrose manufacturers, incidentally, are selling their full capacity and have even had to ration production informally among their own customers at times.)

The shape of cakes to come is already emerging. Although general quality has



SLOGAN CHANGE

One of the famous slogans of the automobile world, "Ask the Man Who Owns One," has been modified for the war period. Now it's "Ask the Man Who **Wears** One," the illustration being a Packard employee calling attention to his "Work to Win" badge symbolic of his participation in the company's management-labor program. This board adjoins the Packard works in Detroit.

not suffered yet, it is noticeable that butter cream icings are giving way to boiled icings, and further yet, icings are diminishing. Small neighborhood bakers, hardest hit because they can't readily secure and handle some of the new sweeteners, are giving up the over-all icing of cakes, holding the frost work to a fairly thin top dressing only (and incidentally discovering that people eat more pounds of cake when it is not iced). Some of the big ones have followed the practice.

• **Not Quite So Sweet**—Raisins, sliced nuts, and thin glazes are taking the place of the sugar coatings formerly seen on breakfast rolls. It is also possible that when bakers displace cane or beet sugar with the 60%-as-sweet dextrose they may be inclined to let the sweetening lie as is, wherever the cookies or cake can get along with a little less sugariness.

Largely in response to the developing needs of commercial bakers, corn syrup manufacturers are introducing syrup lines with a higher sweet content than formerly. Such maneuvers are considered in the right direction, for the increase in demand now springing from the sugar-saving housewife is spilling over into the restaurant trade. Restaurants that heretofore baked their own dessert lines are giving in to the pressure for sugar from the customers, and taking on bakery desserts in order to save the extra needed as coffee sweetener at the counter.



Two heads can save more than one

LIKE all good citizens, you who must make use of your car these days are taking all steps to conserve rubber, save gasoline, and generally "make things stretch." • But even the best-informed motorist can easily overlook numerous opportunities to save that an expert can quickly spot. • For example: You watch tire inflation to save rubber. Had you realized that clutch action and condition can also affect tire wear, or that a fraction of an inch of wheel misalignment can rapidly wear down a tread? • As

another good citizen, your General Motors dealer welcomes the opportunity to put his head with yours to help save your whole car — tires, gasoline, oil, parts, even the upholstery and the finish. • You make only partial use of his skill and facilities when you look to him merely for repairs — he is even more useful to you and to the country when you and he get together to see that wear is prevented.

GENERAL MOTORS DIVISIONS NOW PRODUCING:
 Aircraft Engines • Airplane Parts • Bomber Sub-Assemblies • Military Trucks • Armored Cars • Rapid-Fire Cannon • Machine Guns • Diesel Engines • Shells • Tanks and Tank Parts • Propellers • Cartridge Cases • Gun Mounts • Fire Control Devices • Electrical Equipment • And Many Other Wartime Essentials.

★ ★ ★
The Automobile User's Guide answers your questions about taking care of your car in wartime. For a free copy see any General Motors dealer today or write Customer Research Staff, General Motors Building, Detroit.



GENERAL

MOTORS

CHEVROLET • PONTIAC • OLDSMOBILE • BUICK • CADILLAC

Are YOU..?

taking on more work,
bigger responsibilities,
as war needs cut into
business
personnel?

Many men are facing a sudden need to take hold of added executive problems and duties, as people in their offices are called to government services. Here are books to help you in meeting this situation—giving quick access to fundamentals and practices that promote executive efficiency.



This is a business executive's library

THE books in it cover the elements and methods of management most needed in executive approach to business. Use it for immediate help in specific problems, small and large—also, to master the patterns underlying methods, to get the knowledge of all business you need quickly now.

The need for this sort of help, and the most practical means of meeting it, have been the only standards by which Milton Wright has sifted and chosen material and organized it, in this Library. From it you can get the guideposts you need in tackling new duties, in assuming executive responsibilities, in knowing the job and getting it done.

The LIBRARY OF BUSINESS MANAGEMENT

6 vols., 1973 pages

- How to organize a single department or a whole business . . . plan and control its workings . . . provide and maintain the most happy and efficient personnel.
- How to keep the life-flowing in business . . . where and how to get money . . . how to utilize it . . . how to keep the business in sound financial condition.
- How to reduce credit losses . . . handle the important elements of credit policy . . . modernize your collection system . . . write better letters . . . put the company's

correspondence on a more economical and effective basis.

- How to lay out a workable approach to marketing methods . . . improve the sales organization . . . develop promotion ideas . . . stimulate results in any of the several avenues of marketing.

- How to do more work yourself . . . conserve and direct your energies . . . and how to handle acres of problems, small and large, detailed aspects of these important fields of business activity.

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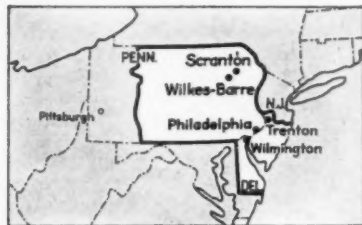
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Name
Address
City and State
Position
Company BW-7-11-42

The Regional Market Outlook

PHILADELPHIA (Income Index—145.4; month ago—146.9; year ago—124.3)—Continuing dislocations in light-goods lines—woolens, silk, rugs, hosiery, hats, etc.—are partly offsetting arms gains in the Philadelphia industrial area, in such cities as Reading, Hazleton, and Scranton, and even in arms-activated towns like Allentown and York.

In the long run, however, accelerating war work will lift payrolls. Over 100,000 workers will have to be hired for dis-



37,023 sq. mi.

pop. 7,777,910

CHICAGO (Income Index—151.7; month ago—151.6; year ago—130.1)—From now on, income payments in this Reserve district are apt to trend upwards—even as compared with the nation. Automobile and other converted durable-goods plants are rapidly lifting operations, soon to surpass peacetime peaks.

Indeed, the problem of labor shortages is fast supplanting worry over priorities unemployment. Even in Michigan, where total employment is still below 1941 levels, new jobs will outrun the number of jobseekers by the year end. In Indiana, fairly typical of district conditions, hirings by arms makers may come to 100,000 by Jan. 1, outstripping rosters of available unemployed. For some months, payroll gains over 1941 have been above average in Hammond, LaPorte, Richmond, and especially, in Fort Wayne. Now, Indianapolis alone may need 35,000 more workers. Mean-

while current sales potentials are outstanding at such war "hot spots" as Davenport-Rock Island-Moline; Illipolis, Ill.; Burlington, Ia.; Merrimac, Wis.

Farm gains likewise are striking. The nation's estimated 1942 pig crop—of which the district will produce better than one-third—will be up nearly 25% from 1941, above expectations. Pasture and hay condition, for heavy dairy production here, likewise is sharply improved, and receipts are soaring.

In Bethlehem, expansion is boosting steel employment by 10,000 persons; new awards will lift Williamsport activity, and job rolls at tank-making Berwick are over the 10,000 mark.

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190,446 sq. mi.

pop. 19,406,389

SAN FRANCISCO (Income Index—173.9; month ago—171.5; year ago—134.5)—With the heaviest concentration of war awards in the nation, this Reserve district's accelerating arms activity continues to boost income prospects sharply. Even the strained lumbering and mining lines are responding to government efforts for increased output. More than 200,000 additional workers will be hired in less than a year, mostly at coastal shipyards and aircraft

and metallurgy plants (BW—Jun'42, p52).

But paradoxically, this industrial upsurge is pinching the important agricultural sector of district economy. Because more than 200,000 workers have already been added to factory payrolls in the past year, fewer farm hands can now be employed than a year ago. The result is that farm yields may not quite attain the peak goals otherwise possible. Thus, sugar beet production will be up, but not all the acreage planted will be harvested.

However, among the fruits, apple condition is good and 1942 cherry output is estimated up 34% over 1941, peaches 20%, apricots 11%, plums 4%. Valencia oranges, pears, and prunes will be off but slightly. Barley, oats, and flax crops will be larger, only wheat smaller. By and large, vegetable prospects are good. With most prices sharply higher than last year, farm income gains should continue to outstrip the nation's in most sections.



685,438 sq. mi.

pop. 11,280,195

THE HAND CAN BE NO SURER

THAN THE EYE

You can't win a war with "Seconds"



● A lapse on the part of a worker — a moment of fatigue or eyestrain at the end of a day — and a piece of vital work that represents hours of precise production may be wasted.

"Slightly imperfects" won't do in wartime — your work is either right, or it's "no go" under strict government standards.

Can you take chances, then, on anything less than the best that's available in such an important matter as lighting?

Is it enough, even, to have the best type of lighting — fluorescent lighting — without also making sure you have the finest in fluorescent?

We invite you to check Hygrade Sylvania Fluorescent Lamps on no less than five points by way of appraising their quality:

- (1) Look at the finish — their visibly smoother coating is outward indication of quality that goes all the way through;
- (2) Check the light output — these lamps give more light per watt;
- (3) Note the color uniformity — every lamp alike;
- (4) Observe the freedom from dark streaks and splotches — these lamps stay "bright to the last inch" over longer periods;

- (5) Finally, inquire into average lamp life — both laboratory tests and user experience show that these lamps last longer, require fewer replacements.

You can use these lamps in any existing fluorescent systems but peak results naturally come when they are used in equipment planned and built around them — Hygrade Sylvania Packaged Units in which all elements, fixture, starter, ballast and lamp, are designed to work together.

Either way, through lamp replacement or complete new lighting systems, this equipment will help you get the kind of lighting that reduces spoilage, steps up production, cuts out eyestrain and fatigue.

A note on your letterhead will bring an experienced lighting engineer.

FOR NEW WARTIME CONSTRUCTION

Careful studies, covering not only lighting fixtures but generating, transmitting and wiring equipment as well, show that fluorescent lighting makes critical materials go 67% further than other types of lighting. In addition, among other exclusive Hygrade Sylvania lamp developments is the newly patented "Mercury Bomb" which conserves half to two-thirds of the mercury — in every lamp made.

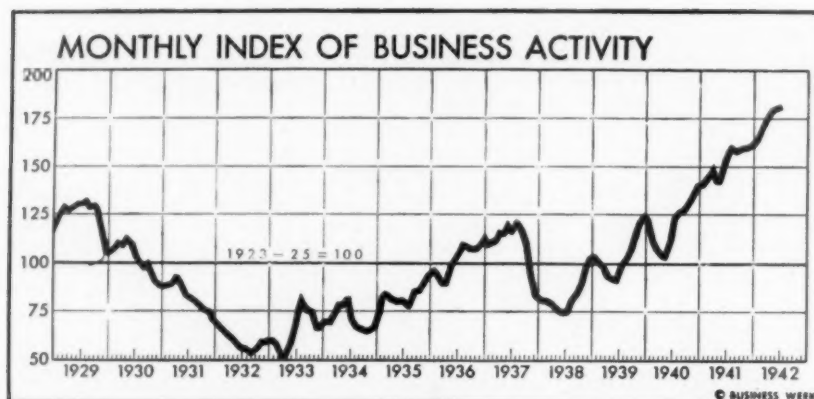


SYLVANIA

CORPORATION

Salem, Mass.

Hygrade Incandescent Lamps, Fluorescent Lamps, Fixtures and Accessories, Sylvania Radio Tubes



Business Week's Monthly Index of Business Activity rose slightly to 182.2 in June from 181.5 (revised) in May. This compares with an index of 158.5

for June, 1941. The average for the first six months of 1942 was 176.3, an increase of 26.3 points, or 17.5% over the first half of last year.

An Electric Age?

Appliance dealers doubt it as war cuts supply of goods. Many return to lines handled 30 years or more ago.

Of all the durable goods retailers whose livelihoods have been threatened by the conversion of manufacturing facilities to war production, perhaps the worst hit is the electrical appliance dealer. There just aren't any electrical appliances made any more for him to sell.

When retail automobile outlets faced the same situation, not only did they have a well-knit organization to go to bat for them, but each one was tied up to one of the big auto producers who had a very real interest in his future. But the electrical dealers, by and large, had no organization and no big producer to help look out for his interests.

• **Basis Difficulties**—One big reason was the multiplicity of names under which he operated. A late comer to the retailing table, he was generally a quondam jeweler, hardware, sporting goods, furniture, or auto supply man who had gravitated into the instalment selling of household equipment. Generally he neglected to change his sign. Stock in trade was willingness to put on his hat and beat the bushes, "heat up" prospects, educate them on new ways of living.

Cut off from appliances by U. S. edict, the electrical dealer had three possible courses of action. He could (1) expand his old, original nonelectric lines, (2) hunt for new lines, or (3) develop his repair business.

• **What Some Have Done**—Result has been such a scurrying about for all kinds of available merchandise. Here

are a few examples:

The Golden Rule store, Morris, Ill., is going after furniture orders, house to house, using the same hammer and tongs methods employed formerly to sell appliances. Down the street the Frigidaire dealer has a Coca Cola cooling machine in one window, another is full of sponges.

Brandts, St. Louis, an electrical house since 1904, is blossoming out with Taylor thermometers and weather gages.

Barnetts, Cedar Rapids, Iowa, is full of overstuffed furniture which President E. F. Barnett finds pleasant to snooze in.

Wilson's, Oshkosh, Wis., has added a line of toys and gifts.

Quandt's, Beaver Dam, Wis., has upped its inventory of linoleum.

The Better Appliance Store, South Bend, Ind., has stocked glassware and antiques.

A Columbus, Wis., firm is offering potted geraniums for 15¢ and 25¢ and baby chicks, Easter lilies, tomato plants, and even a line of infants' wear has been reported.

• **Back Where They Started**—Houses that always kept a finger in their original lines have harked back to the jewelry, gifts, or furniture. Such firms include Kahn's, Columbus, Ohio, Dixon's, Natchez, Miss., and Young's, Atlantic, Iowa.

Potted plants have made an appearance in Sears stores. The Gamble Stores, a chain of 300 plus 1,400 cooperating dealers, has opened a New York office to seek soft goods for its outlets. Butler Brothers, Chicago, has opened a furniture and floor coverings department.

• **Repair Business Booms**—With the newspapers scaring the public about no more appliances the repair departments of electrical firms suddenly have become the recipients of a vast amount of unsolicited business. There is real volume here. According to Electrical Merchan-

dising's statistics, some 95.5% of the homes possess irons, 72% refrigerators, 63% washers, 59% toasters, 49% vacuum cleaners, 12.6% ranges.

In stores, the service departments have been dragged out into the light of day. Proprietors have rolled up shirt sleeves and pitched in to replace mechanics lured to war work. In St. Louis, 197 out of 339 dealers reported themselves going in strong for this type of work.

• **Trade-ins Important**—Besides "fix-it" jobs, there is an array of trade-in merchandise which had been formerly cold shouldered. This can usually be whipped into rebuilt, usable condition.

Dealers' constant fear is that the Office of Price Administration will freeze repair and rebuilding charges on the basis of prices charged back in the days when service was often given at a loss for good will and prospect-getting reasons. Today it has to earn a profit. If Henderson's ax falls, the public will have to whistle if things get out of whack, and the electrical dealer's future will be black indeed.

• **How Bad Can It Be?**—What lies ahead, if worst comes to worst, is indicated by a report of the Ross Federal Research Corp., market researchers. This says, "In a certain town appliance dealers numbered 923 in March, 1941, but today the number has shrunk to 785. Only 283 will be in business next March."

Implement Battle

Farm machinery makers, notably the Deere-Caterpillar sales combine and Harvester, intensify California competition.

The battle of the farm machinery manufacturers to cash in on increasing demands of West Coast agriculture for labor-saving and cost-cutting equipment to meet higher production quotas is on.

• **Harvester's Plans**—An indication of the competition to supply the Coast farmers' specialized needs is International Harvester's announcement that its elaborate new western headquarters, now under construction in Oakland, will be opened early next year.

Harvester has been quietly adding strong dealerships up and down California to match the dealer set-up maintained jointly by Deere and Caterpillar from the Canadian border to Mexico. Deere is generally credited with having stolen a march on competitors some six years ago when its western executives worked out the sales arrangement with Caterpillar.

• **Building for a Market**—Another indication of the jockeying for position in the California market was Harvester's

opening of a plant in Los Angeles for making specialized plows, harrows, and other units specially adapted to regional needs.

Typical of the specialized equipment developed by the manufacturers is the Diesel-powered tractor with high, cane-type wheels for asparagus cultivation in the Sacramento River delta region. Successes scored by some 30 of these rigs already in use has resulted in manufacturers designing similar "Diesel-wheeled" tractors for cultivation of other vegetables.

Inventory Truce

Fight over plan to put lid on stocks cools with the small stores pacified, but WPB keeps a watch on whole situation.

Inventory control, a boiling issue with retailers only a month ago (BW—May 30'42,p13), now is barely simmering. Like rationing, standardization, and other civilian-goods conservation ideas—all of which also had a high discussion value temporarily—inventory control is now undergoing a shaking down period in which the original War Production Board plans are being reframed to conform to industry's terrain.

• **Small Retailers Pacified**—The calm which currently surrounds the problem, after the big initial fuss, is largely due to the fact that WPB's actions presumably have scared major retailers stiff. Trade associations are noting that irate letters from little shopkeepers, complaining that manufacturers had no time for small orders, have just about ceased coming in.

Whether the big boys actually did get scared that badly, or whether WPB's inventory furor merely happened to coincide with the end of storage capacity for shelf-stocks is hard to determine statistically.

The fact remains that the pressure has eased off considerably.

• **WPB Watches Situation**—On the other hand, the issue isn't dead. Last week WPB set up a special advisory panel to keep an eye on the situation. Chairman of the group is Eaton V. W. Read, chief of the WPB civilian supply division's wholesale and retail policy section.

Assisting him are Irwin D. Wolf (Kaufman's department store, Pittsburgh), as retailing specialist, and John A. Donaldson (Butler Bros.), as wholesaling adviser.

Meantime a special retailers' committee (BW—Jun.13'42,p46), jointly set up by the National Retail Dry Goods Assn. (department stores) and the American Retail Federation (representing 40 state and national retail organizations) has

held a meeting with Joseph L. Weiner, chief of WPB's civilian supply division. This confab was merely to clear the ground for further discussions—WPB as yet doesn't know what it wants to do, and the retailers, for their part, are still puzzling over a program that will fit their widely divergent ranks.

• **Small Stores' Problem**—That's where things stand at the moment. The necessity and timing of future action hinges on how much WPB thinks the little retailer is being cut off from the supply of goods by the buying policies of his bigger colleagues. Among the meager statistics, here are some that have a bearing on the subject:

Stores with annual sales of:	Pct. change in inventory Dec. 31, 1941 vs. Dec. 31, 1940*
\$100,000 and over.....	+26
\$50,000 to \$99,999.....	+17
\$30,000 to \$49,999.....	+14
\$20,000 to \$29,999.....	+11
\$10,000 to \$19,000.....	+ 8
Less than \$10,000.....	+ 7

*From Dept. of Commerce data, based on 17,039 stores—independents only.

• **Hoarding Stories Persist**—Reports continue to circulate in Washington that a couple of major department stores virtually bought out certain types of electrical appliances and furniture manufactured in the South.

In this connection it was reported that one borrowed huge sums of money to cram its own, plus rented, warehouses to the brim. By way of footnote to the foregoing, it's said that one of these stores, obviously uncomfortable over WPB's contemplated regulations to prohibit such buying, volunteered to disgorge some of its inventory to patch things up.



For more planes—faster

IN the making of heavy parts for a plane, 'Budgit' hoists lift easier and faster and enable the workman to produce more. His strength, energy and brains go into more useful work than just lifting. 'Budgit' hoists need no special installing—hang up, plug in and use. 'Budgit' hoists are still available for war work.

'Budgit' hoists are portable, electric hoists with lifting capacities of 250, 500, 1000 and 2000 lbs. They are priced from \$119 up. Hang up, plug in and use. For complete information, write for Bulletin 348.



'BUDGIT' Hoists

MANNING, MAXWELL & MOORE, INC.
MUSKEGON, MICHIGAN

Builders of 'Show-Box' Cranes, 'Budgit' and 'Load Lifter' Hoists and other lifting specialties. Makers of Ashcroft Gauges, Hancock Valves, Consolidated Safety and Relief Valves and 'American' industrial instruments.

Men Wanted

INDUSTRY and CORPORATE SURVEY WORK

A substantial investment fund in New York City is seeking a few competent men to travel and interview executives and personnel in such industries as the Oil, Chemical, Office Equipment, Public Utility, Retail Trade, Tobacco, Food, Drug and Container.

Practical experience in one or more of the foregoing fields, and ability to survey and analyze industry developments, trends, managements and products, as

well as relative and potential values of individual corporations in the industry, are basic prerequisites.

To the persons who possess these qualifications, our client offers adequate compensation and a real opportunity for advancement.

Reply by letter only, stating full details as to education, religion, experience, past earnings, age, family and all other pertinent qualifications.

All communications will be treated in the strictest of confidence.

Address Box 46, **Doremus & Company, Advertising**, 120 Broadway, New York City

Reader's Digest Exposes Cigarette Claims!... Impartial tests find **OLD GOLD** lowest in Nicotine and Throat- Irritating Tars and Resins

THE NEW YORK WORLD JOURNAL HAS THIS TO SAY:

Reader's Digest assigned a scientific testing laboratory to find out about cigarettes. They tested some leading cigarettes and Reader's Digest published the results. The cigarette which stands out lowest in nicotine was Old Gold.

The cigarette with the least throat-irritating tars and resins was Old Gold.

On both these major counts Old Gold was best among all major cigarette brands.

See July Reader's Digest. Turn to page 1. See also the light-colored cigarette packs. When you do, you'll say "There sure are top cigarettes in Old Gold."

P. LORILLARD COMPANY
Manufacturers of Old Gold since 1892



"Something new has been added"—to competition in cigarette advertising, by virtue of an article in Reader's Digest and the use Old Gold has made of it.

Cigarettes Panned

But Old Gold ignores point of Reader's Digest attack and boasts it came out best. Research findings are sharply censured.

"Reader's Digest exposes cigarette claims! Impartial tests find Old Gold lowest in nicotine, lowest in throat-irritating tars and resins!" Thus the current big-space newspaper advertising for P. Lorillard Co.—and a collective pain in the neck for the other four in the "Big Five"—Camels, Chesterfields, Luckies, and Philip Morris.

Old Gold's advertising claims and the other companies' chagrin stem from an article in the July issue of Reader's Digest, "Cigarette Ad Fact and Fiction," by Robert Littell, which reports a research laboratory's findings on nicotine content, tars and resins and smoking time per cigarette. Besides the Big Five, Pall Mall—biggest selling longie—and Avalon—a representative ten center—were tested.

• **No Difference to Digest**—Old Gold was rated by the Digest as having the smallest nicotine and tar content of all brands tested, but the article stated that the tests showed the difference between the brands to be negligible. Philip Morris is credited with the highest percentage of nicotine, the second highest percentage of tars and resins. Chesterfields, rated by Digest as highest in tar content, are censured for advertising their mildness. Camels, which boast

that they burn 25% slower than the average of the four other largest-selling brands tested, were found by the Digest to smoke only 6% slower than the average of the other four best sellers. Luckies come out fairly well in the tests, but the Digest took a dig at American Tobacco's claims that it uses more expensive tobaccos. Old Gold takes a panning for its "something new" campaign on behalf of latakia, the aromatic Near Eastern tobacco which the Digest says has long been used in certain pipe mixtures.

As a result of this attack, along the whole front of cigarette advertising, it is not unlikely that the Digest will inspire other new campaigns besides that of Old Gold. Right or wrong, a public blasting in a magazine with an estimated circulation of 5,000,000 probably won't be utterly ignored, particularly when that magazine accepts no advertising and hence aspires to the white mantle of impartiality.

• **"Inadequate Research"**—Publicly, the cigarette makers who suffer most at the Digest's hands have no comment to make, and deep-dyed rumors of a possible legal action are generally discounted. This isn't the first time they have suffered at the hands of the Digest. Last December, Gene Tunney led off the attack with an article entitled, "Nicotine Knockout, or the Slow Count." That article annoyed them. This time they are really roiled—principally about the research that went into the Digest's findings. They point out that the sample was small—24 cigarettes of each brand—that cigarette testing is an intricate (and costly) business, not to be lightly tackled.

For example, they say, changes in a cigarette's moisture content obviously affect the time of burning. If some of the cigarette's tested were on the stale side, results on this point may be haywire. A similar objection can be urged against nicotine readings. The Digest's testing was done by a mechanical robot; cigarette men say that a robot must be carefully controlled or it won't duplicate human smoking habits—puffing harder on a tighter packed cigarette, for example. One company argues that the smallest nicotine and tar content—and the poorest flavor—is found in the lower grades of tobacco.

• **In Conflict with A. M. A.**—Cigarette manufacturers and their agency men also stress the fact that the big brands hit hardest by the Digest have been accepted for advertising by the Journal of American Medical Assn., which technically sanctions only advertising claims which it considers authentic.

Because the Digest refers to a Consumers Union blindfold test which showed that most smokers have a hard time distinguishing their favorite brand, the rumor is going around agency circles

that C. U. did the testing for the Digest. Flatly denying the truth of that, C. U. points out that it gave up nicotine and tar-and-resin tests four years ago because it regarded them as meaningless, has since confined its cigarette research to blindfold tests.

• **Recommended Reading**—The cigarette makers suspect that the Digest is more than a little disgruntled by the way in which an article written to show that the differences in cigarettes are minuscule has boomeranged into a first class advertising plug for one brand. They also suspect that Old Gold doesn't expect many smokers to follow its suggestion that they read the Digest article.

War Ads Change

Britain has seen major shifts in trends even in last six months. Shortage of paper continues a big factor.

Early this year, Lord & Thomas advertising agency brought out a study (BW—Feb. 14 '42, p. 54) entitled, "What is life like—with the enemy less than 20 minutes away?" Compiled chiefly from data supplied by the agency's London branch, it shed some welcome light on the question uppermost in the minds of American advertising men both then and now—the question of what happens to advertising in a country at war.

• **Changes Continue**—This week, Lord & Thomas followed through by inviting the press to meet and question William B. B. Fergusson, managing di-



New York advertising men who have been wondering what is happening to advertising in England got first-hand information this week from William B. B. Fergusson, managing director of Lord & Thomas, Ltd., London.

rector of its London office. The interview brought out many facts not covered in the study; it also showed that the war has wrought changes in British advertising even in the few months since the study was issued.

As a preliminary to any comparisons between British and American wartime advertising experience and prospects, Mr. Fergusson emphasized two points:

(1) Newspapers are, and always have been, the major advertising media in Britain; there is no commercial radio, and magazines have never loomed as large as in the United States.

(2) The wartime paper shortage in England has brought changes there which are not likely to be paralleled in this country to any important degree—if at all.

• **Papers Ration Advertisers**—Wryly, Mr. Fergusson commented that, because of the newsprint shortage, the oldtime positions of space buyer and newspaper advertising manager have been reversed. Formerly, it was the space buyer who was winned and dined; now the newspaper rations its space to advertisers, many of whom can't get all they want.

The newsprint shortage has brought other significant changes. Magazines are now getting a bigger share of total advertising expenditures than ever before, since advertisers are taking whatever space they can get.

• **Advertising Cleaned Up**—The position of the small advertiser relative to the large has greatly improved, since all advertisers are strictly limited to so much space each month and the big fellows can't always make the splash they'd like. Advertising has been definitely cleaned up; with not enough space to go round, papers are no longer playing with dubious patent medicines and the like.

The paper shortage has made a total casualty of direct mail. Travel restrictions have taken a heavy toll of outdoor advertising. Commercial films—an unrestricted medium—have thrived. More films are being made now than before the war. They are short—not over five minutes long—and of very high quality.

• **The Official Attitude**—Within the limitations of the newsprint and other restrictions, the British government's attitude has been to encourage advertising. For one thing, in the face of the multitude of wartime restrictions, Britain jealously guards her free press. For another, British life today is pretty flat; advertising provides some much-needed flavor.

As the war is prolonged, the ranks of British advertisers are thinning. Industries are pooled. Individual companies are converted to war work, see their operations pushed below the profit level, or are subjected to the new "zoning" restrictions which enable them to sell only within the area immediately adjacent to their plants.

• **Cigarette Copy Stopped**—When Lord & Thomas issued its study, cigarette advertising was still going strong in Britain. Now tobacco shortages have become acute, and Imperial Tobacco, which controls 90% of the market in England, has stopped all advertising.

Store Sales Dip

Slump follows unusually large volume of 1941, a year that saw large merchandisers show best margin in 22 years.

Annually, by grace of a grant from the National Retail Dry Goods Assn., the Harvard School of Business Administration issues its report on operating results of department and specialty stores in the preceding year. Out this week, the report on stores' 1941 operations is the pleasantest that has been forthcoming in the 22 years of the study's history.

• **Profits Up Sharply Over 1940**—Significantly, it records that in 1941 the total net business profit of stores surveyed (a sample representing about 57.5% of the trade) averaged 7% of net sales.

This is the best average profit showing since the study was inaugurated and a fat gain over 1940's good profit average of 4.8% or 4.9%.

With consumer demand at record levels, stores were able to evade their old bogey—markdowns. Thus, the 1941

gross margin averaged 38.2%, against 36.95% in '40.

• **Labor as Expense Factor**—Into this rosy picture the editors of the study inject a stern word of warning. While total expense, as a percentage of sales, fell off fractionally in 1941, expense per transaction rose sharply. That is, while the increase in expense did not equal the rise in dollar volume, it exceeded the increase in physical quantities of goods sold. Rising payrolls, coupled with the loss of skilled labor, was the biggest factor in increased expenses.

With prices fixed and the supply of civilian goods gradually diminishing, expenses can become dangerous. The study warns, "If expenses are not reduced the very satisfactory earnings of the abnormal year 1941 may be expected to give way to reduced profits or to actual losses."

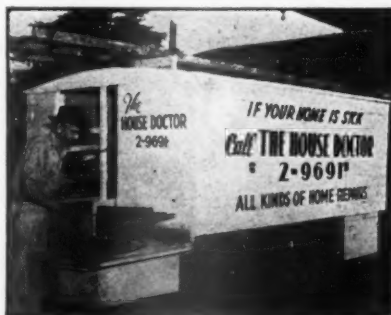
• **Stores' Sales Slump**—Current department store sales figures bear out the study's predictions. After jumping all the traces last summer and fall and going berserk again early this year, sales have now leveled off—at a pretty low level. The Federal Reserve Index shows that, for the four weeks ending May 30, department store sales were exactly even with the same period a year ago; for the four weeks ending June 27, they were up 1%.

Federal Reserve figures represent dollar volume of sales. The Fairchild Retail Price Index shows that department store prices increased 17.5% between June 1, 1941, and June 1, 1942. Thus unit sales—the actual physical volume of goods handled by stores—are now running about 14% behind last year.

• **Causes of Decline**—Many factors get credit for the slackening in department store sales. Price freezing has dampened the "buy now" urge. Credit restrictions have provided another curb. Restricted supplies and rationing—notably of certain appliances—are beginning to make themselves felt. Probably the most important of all, consumers have just about bought themselves out in many lines—home furnishings, men's and women's coats and suits, women's hosiery—for some time to come.

In any time but the present, department store stocks would be considered badly out of line with sales. And even with further scarcities impending, stores are beginning to suspect that they're overstocked on some lines—notably in certain home furnishing departments where demand has been considerably over-anticipated. Moreover, many retailers are finding that their bursting warehouses provide a source of embarrassment that's hard to explain away.

• **Dollar Value up 60%**—At the end of April, dollar value of department store inventories was 60% larger than a year earlier. Even discounting half of this increase for price rises at the wholesale level, stockrooms are crowded.



DOCTOR YOUR HOME

"The House Doctor" is the answer of Stuart Fonde, of Knoxville, Tenn., well-known home builder, to the problem of what a contractor can do when new wartime regulations curtail construction. Fonde, who has built nearly half a million dollars worth of homes, is experimenting with what is virtually a home repair shop on wheels, fully equipped with lumber, paint, hardware, screens, bricks, and even a power-driven cutting machine, for all kinds of home repairs.

MATERIALS hard to get



Replace with Patapar!

Imagination . . . investigation . . .
DISCOVERY! That's solving many a problem today growing out of shortages and rising prices.

Industries depending on materials of silk, rubber, aluminum foil, for example, are awakening to a new realization of what paper can do. Not ordinary paper—but Patapar Vegetable Parchment.

This remarkable paper has unique characteristics to set you thinking: It's strong when wet; grease-resisting; odorless; tasteless; boilproof. Moreover, it has a clear white sanitary surface that can be beautifully printed if desired. Laminated with other packaging materials, Patapar can be made into a complete merchandising unit.

Countless fields are turning to Patapar . . . dairies, canneries, meat packers, candy, lard, baking powder, and chewing gum makers, hospitals, manufacturers of machine parts and hundreds of others. In fact, we are constantly creating special papers for special purposes.

Does this give you an idea?

If so, write to us, outlining your problem. Also, send your present container. We'll say frankly whether we think Patapar can help you.



Paterson Parchment Paper Company
Bristol, Pennsylvania

West Coast Plant: 340 Bryant St., San Francisco
Branch Offices: New York, Chicago
Headquarters for Vegetable Parchment since 1885

NEW PRODUCTS

Electric Alarm Lock

Fences, buildings, rooms, cabinets, motor vehicles, and even electrically operated machine tools can be locked securely against unlawful entry or operation with the keyless new "Larmloc," an electric combination lock system that sounds a bell or other noisemaker, or lights a remote warning light, if the wrong two-number combination is used. What's more, until the system is reset, the lock remains locked so that even the right combination will not open it.

Business parts are a small, eight-number "selector dial" to be mounted out-



side the location to be protected; a small "switchboard" with eight sockets corresponding to the dial numbers, to be secured inside; and a sliding lock. Say that "2" and "3" are the numbers desired for the combination—you simply insert removable plugs into the corresponding switchboard sockets, and the system is ready for operation. Combination changes require only the shifting of the two plugs. The manufacturer is Electro-Protection Co., 520 N. Michigan Ave., Chicago.

Floating Glass

"Foamglas" is a new type of opaque glass, full of tiny, nonconnecting air cells like foam rubber, that floats like a cork and can be used to replace kapok, balsa wood, cellular rubber, cork, and other imported materials as the buoyant element in life preservers, life rafts, life boats, pontoon bridge supports, etc., and as low temperature insulation in breweries, dairies, packing plants, etc. Developed by Pittsburgh Corning Corp., Pittsburgh, it is permanently odorless, waterproof, fireproof, verminproof, weighs 10 lb. per cu.ft.

Demountable Desks

Only half a pound of metal, including screws, is used in each model of the low-priced new line of Victory Desks manufactured out of staunch, pressed-wood

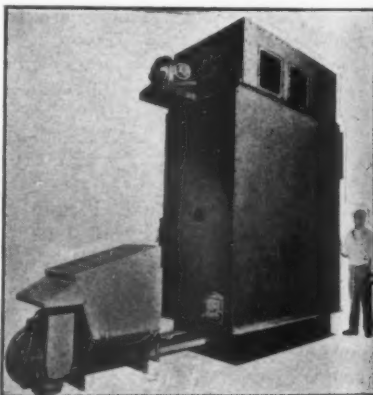
boards by J. F. Friedel Co., 215 Wallace St., Syracuse, N. Y. Desks come in three sizes: 24x48, 32x48, 32x60 in., with or without a center well for typewriters or a well at the side for computing machines as pictured. Each is shipped



knocked down into four parts (two end pedestals, the center assembly, and the top which locks all parts into a unit) for assembly "in less than ten minutes by one person."

Coal-Fired Unit Heaters

Before the war, when oil and gas were plentiful, Dravo Corp., Pittsburgh, brought out a line of high-capacity Dravo Direct-Fired Heaters in eight sizes from 750,000 to 4,000,000 B.t.u. output per hour for mills, factories, etc. Each unit is self-contained, having its own combustion chamber and distributing warm air either directly from outlet vents into the area to be heated or through a simple duct system when par-



titions or obstructions make it necessary.

Restrictions on oil and gas in certain parts of the country are behind the development of a new line of eight coal-fired units with the same heat outputs. Each can be equipped with an underfed stoker of bituminous or anthracite type with either hopper or bin feed. Units are also available with undergrate fans for hand firing.

PRODUCTION

More Castings

Cupola-converter method of producing steel does well in tests, indicating foundries can relieve the shortage.

Watch for a revival of the cupola-converter method of producing steel for steel castings and the consequent relief of a persistent bottleneck in castings for gun mounts, tank parts and armor plate, airplane landing gears, and other equally vital matériel. Research metallurgists C. E. Sims and F. B. Dahle of Battelle Memorial Institute, Columbus, Ohio, have been testing cast steels made by practically every commercial process (acid open hearth, basic open hearth, acid electric, basic electric, cupola-converter, Triplex cupola-converter-electric) for every essential physical characteristic.

• **Conclusions Now Ready**—Their conclusions that "the melting medium is of little moment in determining the



METAL CHILLER

Just two summers ago, Motor Products Corp., North Chicago, Ill., brought low-temperature food freezing and storage to the home with its cylindrical Deepfreeze refrigerating unit (BW—Jul.20'40,p31). This summer it's bringing low-temperature metal chilling (minus 120 F. and lower) to war production plants with the Deepfreeze Santocel Unit.

Business Week • July 11, 1942

SYNTHETIC RESIN LEADERS SINCE 1926

Tego-Bonded Plywood

is opening the
Airplane Industry to hundreds
of Manufacturers



Workers attaching a strong, light and weatherproof Tego-bonded plywood panel to form the outer fuselage "skin" on the Morrow Trainer.



With airplanes and gliders vitally needed now, TEGO-bonded plywood has provided a readily available material to fill the production breach. Boil it, twist it, shear it—this wonder wood is actually stronger than steel, weight for weight. It is the accepted standard for aeronautical plywood which must comply with the rigid requirements of U.S. Army and Navy specifications.

First introduced in 1935, TEGO synthetic resin film revolutionized the production and use of plywood. Similarly, the newer, powder form "cold setting" resin adhesive, UFORMITE CB-550, is establishing new standards of water and weather-resistance in the joining of plywood sub-assemblies.

Furniture and cabinet makers, even many industries where resin bonded plywood was unknown six months ago, are now turning out plywood airplane parts in quantity. Skilled peacetime woodworkers quickly become efficient aircraft fabricators.

As introducers of the resin adhesives which made possible the development and rapid production of plywood designed for airplanes, The Resinous Products & Chemical Company is a source of technical information on all phases of current plywood developments. If you are now producing, or planning to produce plywood sub-assemblies for airplanes or other war products, we can render an immediate and valuable service. Outline your problem in a letter to us today.

Other Synthetic Resin Applications Developed By The Resinous Products & Chemical Company

The development of synthetic resin adhesives for plywood is only one of many fields in which the Resinous Products & Chemical Company have pioneered and specialized.

RESINS IN PAINTS—Over fifteen years ago, AMBEROL synthetic resins made possible the development of fast drying enamels. Today, AQUAFLEX resin emulsion has made possible a new type of coating widely used in camouflage work.

RESINS THAT PURIFY WATER—AMBERLITE Ion Exchange resins produce salt-free water, purify chemicals, recover metals from solutions, and today, their

unique properties are helping increase the production of synthetic rubber.

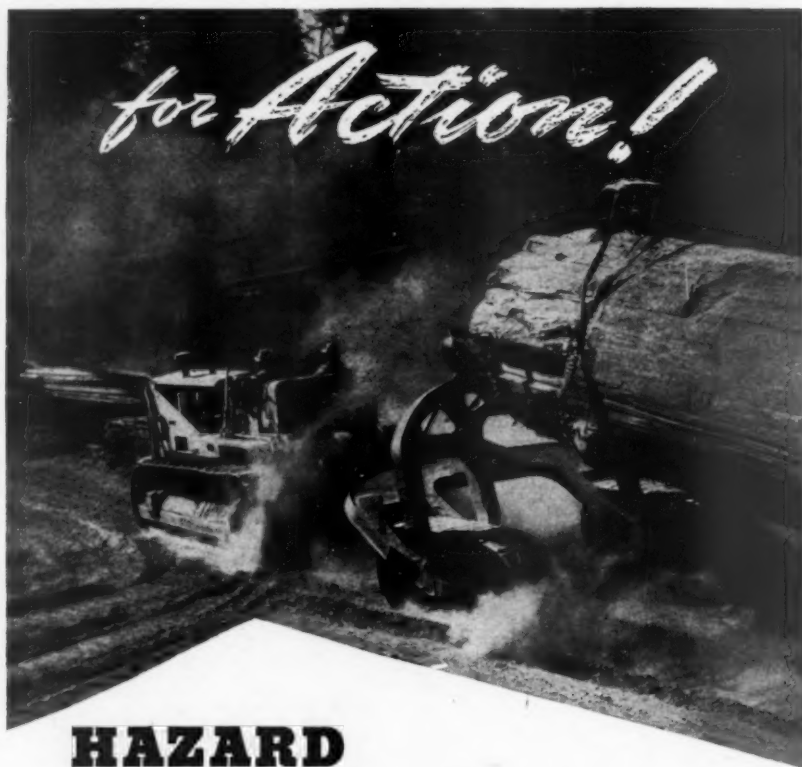
MANY SPECIALIZED RESINS—Water resistant cardboard for military packaging, mustard gas resistant finishes, modifiers for natural and synthetic rubber, weather-proofing of Army tent cloth—these are but a few of the many other applications where our synthetic resins are playing an important role.

BRING YOUR PROBLEMS TO US—Your wartime material or production problem may find an answer through our specialized knowledge of synthetic resin applications. Let us know your needs.

THE RESINOUS PRODUCTS
& CHEMICAL COMPANY

WASHINGTON SQUARE, PHILADELPHIA, P.A.

972
33



HAZARD

LAY-SET Preformed wire rope

When war put pressure on all industries, purchasing agents began to clamor for more Hazard Lay-Set Preformed Wire Rope.

Lumbermen, for example, knew that Lay-Set Preformed could handle thousands more board feet, safely, at less cost. They knew that this wire rope's longer life saved steel for other war work.

Experience had taught them that Hazard dependability inspired confidence all the way from the standing timber to the mill.

These advantages also explain why Hazard is equally well liked in other industries by men who handle the rope as well as those who plan the work and pay the bills.

Hazard performance often amazes those not familiar with its endurance. Yet Hazard war records only repeat what this wire rope has done many times in years of peace.

Hazard Lay-Set Preformed Wire Rope is one of the 137 products we build for Industry, Agriculture and Transportation, which are essential in peace, vital in war.



AMERICAN CHAIN & CABLE

COMPANY, INC. • BRIDGEPORT, CONNECTICUT

In Canada—Dominion Chain Company, Ltd. • In England—The Perssons Chain Company, Ltd., and British Wire Products, Ltd. American Chain, American Cable Wire Rope and Aircraft Controls, Campbell Cutting Machines, Ford Chain Blocks, Hazard Wire Rope, Manley Garage Equipment, Owen Springs, Page Fence and Welding Wire, Reading Castings, Reading-Pratt & Cady Valves, Wright Hoists and Cranes

properties of cast steel and that the only way to insure any desired property is to specify that property and test for it, and the figures that support them, are made available to Army and Navy Ordnance Officers in the form of a technical paper published by the American Society for Testing Materials, Philadelphia.

Since "all the processes can make steel of the quality demanded for war purposes," the ability of the cupola-converter method to relieve a bottleneck is important because of two facts:

(1) Open hearth, electric, and Triple processes cannot keep pace with demand; (2) the cupola-converter method is available with comparatively little cash outlay to practically every gray iron foundry in the country that is already equipped with a modern cupola capable of high-temperature melting.

• **Here's What Is Needed**—Sole requirements are the addition of a side-blow converter which works very much like a miniature Bessemer to make steel out of cupola-melted iron, a quick educational program to train experienced gray iron foundrymen in steel casting techniques, and the acquisition of molding sands suitable for the higher temperatures of steel. Sand handling and mold handling facilities require very little change.

It is estimated that large parts of the 10,000,000 tons of gray iron casting capacity in the country have been closed down by restrictions on the manufacture of automotive cylinder blocks, stoves, plumbing goods, etc. Hence these plants are available for steel castings. At least 49 foundries are already equipped with converters and can go into production as soon as the Army and Navy give them the necessary green light.

• **But It May Be Slow**—That may be slow in coming, however, unless the War Production Board and the gray iron foundries put on pressure. This is due to the fact that side-blow converter steel is not permitted in present specifications. It has for many years been put in the same general classification with Bessemer bottom-blow converter steel which has been considered (not always with justice, in view of modern practice) inferior in quality to steel made either by the open hearth or electric process.

Until the present research, which was sponsored by the Whiting Corp. of Harvey, Ill. (manufacturers of cupolas, converters, and other industrial equipment) for the purpose "of determining the facts," there have been no adequate comparative data on the various types of cast steel with which to make an impartial appraisal. Whiting estimates that a converter can be manufactured and delivered in about half the time that is required today for an electric furnace.

Porcelain Shift

WPB stop orders on steel consumer goods force enameling plants to turn to war products, including dehydrated eggs.

Banning the use of iron and steel in 400 civilian items was a stiff uppercut to the nation's 80 porcelain enameling plants, but the recent announcement that the War Production Board would extend the ban to 300 more items came as the knockout blow. Baking of porcelain on iron and steel has provided the nation with most of its kitchen and bathroom fixtures, much of its lighting and store equipment.

Last week, Chicago Vitreous Enamel Product Co., Ingram Richardson Co. of Indiana, Inc., and others, seeing the handwriting on the wall, closed down the departments in which they manufacture "frit," porcelain mix used by job enamelers, decided to concentrate on war business. The same week the Porcelain Enamel Institute closed its Chicago office, determined to confine its efforts to Washington.

The firms which produce frit, having varied and convertible facilities, face a brighter future than the smaller, independent enameling job shops, whose equipment is limited to heat-treating furnaces and sand-blasting apparatus. Enameling shops operated by manufacturers of such products as washing machines have naturally been shut down as production of those products has been stopped. Enameling operations of stove manufacturers will probably end this month, for the industry is faced with a WPB stop order effective Aug. 1.

Chicago Vitreous has been among the leaders in the shift to war goods, having already begun production of thermit for incendiary bombs and manufacture of armor-plate. The company's most novel new venture—representing one of the most unusual war conversions in the whole country—is the dehydration of eggs. In dehydrating eggs, the firm uses for the spray-drying process the same equipment it formerly required to dessicate clay, a suspension agent in the production of frit. Knowledge of chemistry aided the firm in adapting itself to thermit work, and high-temperature furnaces came in handy for armor-plating.

The Davidson Enameling Co., Clyde, Ohio, has gone in for enameling steel to replace galvanized iron for construction of warehouses used for war purposes.

Until recently the industry saw its future principally in the enameling of canteens for the armed forces and in enameling of lighting, kitchen, and bathroom fixtures.

For Example,

AIRPORT FIRES



New Airport Fire Truck, Like Cardox Built-In Plant Systems, Brings Revolutionary New Solution to Old FIRE PROBLEM

Take a fresh approach to your industrial fire problems. Look at the fire extinguishing facilities that have been developed for today's fire hazards.

For example, look at the threat of disaster that's always present in airport crash fires:

Hundreds of gallons of high-test aviation gasoline . . . ready, at the first spark, to become a flaming inferno . . . and make rescue of the plane crew almost impossible.

An engineered solution to this severe problem was provided in the Cardox Airport Fire Truck. Just as they have engineered many extinguishing systems for many industrial fire hazards, Cardox engineers designed this Airport Truck

to meet a specific fire problem:

Rolling into the fire zone of a plane crash, the Cardox Truck knocks down the flames . . . "cools out" fire to make possible quick rescue of the crew.

Phenomenal as it is, the Cardox Airport Fire Truck is only a typical example of the Cardox approach to fire extinguishing. Cardox Fire Extinguishing Systems, using cold liquid carbon dioxide—stored at uniform temperature and pressure in large single tanks holding 500 lbs. to 125 tons of liquid CO₂—are in use now in vital industries.

Before fire strikes your plant, check into your hazards . . . and check with Cardox. Portfolio 1072 is available to management. Write on your business letterhead, to:

CARDOX CORPORATION • BELL BUILDING • CHICAGO
 District Offices in New York • Detroit • Pittsburgh • Cleveland
 Kansas City • Atlanta • San Francisco • Los Angeles

CARDOX

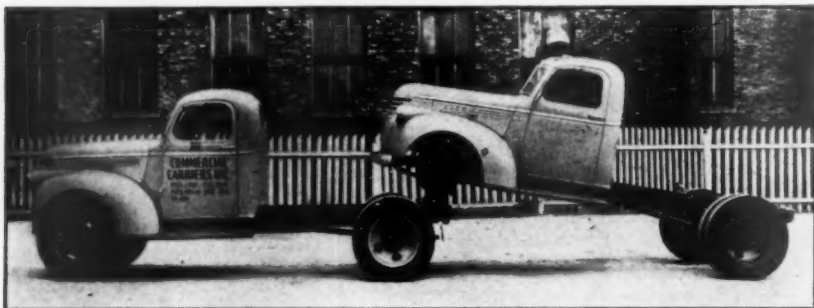
NON-DAMAGING FIRE EXTINGUISHING SYSTEMS

Rebuilding Trucks

Manufacturers urge dealers to tackle job of making smaller models into heavy duty ones by installing special equipment.

Making big ones out of little ones—that's the solution which truckers in increasing number have found for the problem created by the shortage of heavy duty trucks at the very time when operators are being called on to haul bigger and bigger loads over the highways.

● **Big Jobs and Little Ones**—In some instances, an increase in capacity can be accomplished by the simple expedient of building a rack on the reinforced roof of a smaller truck, thus adding height and load capacity. Or it may involve virtually a complete rebuilding operation, such as a Chevrolet dealer undertook recently for one Midwest trucker. In this instance, a highway tanker of 14,000 lb. gross weight was transformed into a 56,000 lb. carrier by the installation of a tandem rear-end and a special transmission and the addition of a tandem semitrailer.



Finished product (below) is the result of stripping and rebuilding two trucks (above) by Dale Chevrolet Co., Waukesha, Wis. Repainted and ready for work, the final product is equipped for heavy-duty work with a tandem drive bogie which gives it three axles



Producers of special equipment for trucks naturally profit from the new conversion drive, but the truck manufacturers themselves are even more interested in stimulating rebuilding operations, for they see in the conversion work another way of helping their dealers stay in business. Some truckers, notably big fleet operators, bypass both regular agencies in the field and rebuild their own equipment.

● **Extra Equipment Commonplace**—Actually, the equipment manufacturers' efforts to cut their dealers in for a larger share of the business. So specialized has become the business of trucking, with special vehicles required to meet special needs, that an estimated 60% of new commercial trucks are fitted out by the buyer with special equipment of one type or another as soon as they are purchased. While the truck dealer has customarily got a share of that extra equipment business, particularly if the alteration involved something so simple as the installation of a governor or a special signal device, major changeovers, requiring installation of a tandem axle or a special body, usually brought the equipment-maker directly into the picture. Often a new truck was shipped right from the original factory to the special-equipment plant, there to be

rebuilt and transshipped to the purchaser.

● **Wanted: More Parts**—Now with truck factories actively promoting the idea that the average dealer establishment has practically all of the shop equipment necessary to effect even major changeovers on used vehicles, special equipment men are likely to find their business reduced largely to the sale of parts. And with production of such equipment under tight control, they are likely to find even this volume of business steadily curtailed as inventories continue to shrink. Appeals have been made to Washington for the assignment of special priorities and a liberalization of present rationing policies, and there is some chance of obtaining relief.

The tight supply situation in truck parts and equipment explains the emphasis laid on salvage operations in all promotion literature which truck manufacturers are supplying their dealers about the changeover business. Chevrolet, for example, stresses the desirability of building up an inventory of parts and units obtained from old trucks and junkers and adds peremptorily, "You must not throw away anything, unless it is purely junk rusted beyond redemption or worn to the point where replacement is necessary."

● **A Use for Everything**—For example, in a typical conversion it may be necessary either to replace the truck motor completely with a bigger and more powerful one or to employ used parts from another engine. Again it may be necessary to extend the body frame, in which case old cross-members and channel steel side rails from some dismantled vehicle are likely to prove useful. Springs, gears, bushings, heavier axles, drive shafts, and a limitless variety of other serviceable parts from old models can find new usefulness in the rebuilt model. The ingenuity of the shop mechanics in making these new applications and adjustments is often the only limiting factor in determining the successfulness with which a dealer can make bigger and more powerful trucks out of the smaller models.

Information worked out years ago to help dealers sell trucks is now helping to educate them in the requirements which converted vehicles will have to meet to carry specified heavier loads. For example, Ford's literature on basic specifications for payload weight, nature of load, performance demands, type and size of body, and power needed for various road grades applies just about as well to standards of used truck changeovers as to new trucks.

● **Looking Ahead**—Profit possibilities in the conversion work are decidedly attractive, and many of the dealers who are now learning the business regard it not as a temporary expedient but as a certain part of their service operations even when they can return to new truck selling operations after the war.



...Why not try the real thing?

For years, national advertisers have been using imitations of comic strips to get attention for their general advertising. Most of the imitations weren't comic, but they worked. Even the poor imitations rated high with readers.

Why not try the real thing? Get the best, proven, most popular comics in existence to draw the audience, to get attention and readership; and use the space you pay for to sell your goods or ideas.

Metropolitan Group comics in color, on Sunday—are read by 81% adult men, 79% adult women, practically all children. No comic you can create can get a similar reception! The reception is ready, assured, in the comic sections of these 24 big-city Sunday newspapers!

Millions of families see these Metropolitan Group comics every

Sunday, have been following them since childhood. These comics long ago ceased to be just paper and ink, became real identities and close friends. Readers are deeply interested in their affairs, react to their fortunes, want to know what happens to them every Sunday.

Instinct, interest and habit make the Sunday comic sections a garden spot for advertising... To the power of the medium add the 12,000,000 circulation—coverage that takes in virtually two-thirds of the country's buying power! There isn't anything in media that can beat it—or match it.

Add color. And a big space unit! A cost around the average r.o.p. . . . there isn't any question that Metropolitan Group is a major medium . . . Investigate . . .

Metropolitan Group

Baltimore Sun • Boston Globe • Boston Herald • Buffalo Courier-Express • Chicago Tribune • Cleveland Plain Dealer • Des Moines Register
 Detroit News • Detroit Free Press • Milwaukee Journal • Minneapolis Tribune & Star Journal • New York News • New York Herald Tribune
 Philadelphia Inquirer • Pittsburgh Press • Providence Journal • Rochester Democrat & Chronicle • St. Louis Globe-Democrat
 St. Louis Post-Dispatch • St. Paul Pioneer Press • Springfield Union & Republican • Syracuse Post-Standard • Washington Star • Washington Post
 220 East 42d St., New York • Tribune Tower, Chicago • New Center Bldg., Detroit • 155 Montgomery St., San Francisco

COPPER
NICKEL
POTASH
SULPHUR
CARBON
ALUMINA
ARSENIC
SULPHURIC
ACID
SODA SALTS

*Stack
losses
can be
SAVED*

**RECOVERY OF VALUES
AIDS PRODUCTION**

Raw materials vital to our production are worth saving from processing plants not now controlling dust, fog, fume and mist. Recovery of these values from process plants speeds strategic materials production and contributes to your present efforts. Western Precipitation Corporation, as pioneers in dust and fume control, bring to your recovery problem the vast experience gained from thousands of successful installations during the past 35 years.



WESTERN PRECIPITATION CORPORATION
*Engineers, Designers and Manufacturers of Equipment for the
Collection of Suspended Materials from Gases and Liquids*

1025 West Ninth Street, Los Angeles
NEW YORK • CHICAGO • SAN FRANCISCO

PRECIPITATION COMPANY OF CANADA
Dominion Square Building, Montreal

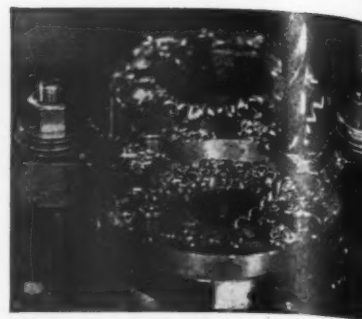
Rolling Forward

New method in timing of motion pictures stops familiar sight of wheels going backward, aids industrial training.

From the days of the earliest motion picture, wheels on fire engines that should be rolling forward to make sense have often seemed to hesitate and then roll backward. Bicycle riders pump across the screen with their wheels turning mysteriously against them. Airplane propellers seem unable to make up their minds between clockwise and counter-clockwise rotation.

• **Not So Good for Training**—Dyed-in-the-wool movie fans have long since accepted such stroboscopic action in the filming of revolving or reciprocating objects as an inevitable part of their favorite entertainment. Such acceptance, however, breaks down when youthful movie fans become trainees for the Battle of Production.

It's worth a laugh to see a racing car win going backwards; it's sheer confusion when you are showing the learner how to run the drill in a machine shop and it seems to reverse itself while continuing to plunge into a block of steel. Similarly, it's no help when an



Motion pictures for trainees don't give any false impressions of drills reversing if new film process is used.

airplane piston being turned in a lathe revolves away from the cutting tool while chips continue to fly.

• **And Now, the Answer**—Stroboscopic action is completely absent in a group of eight films on radial drill and shaper practice produced by the Emerson Yorke Studio, New York, for the U. S. Office of Education series of training films for machine shop workers.

Drills revolving at speeds up to 555 rpm. revolve clockwise into their cuts as well behaved drills should and reverse themselves at the right time to back out of the holes they have drilled. Shapers plunge in and out of their cuts with precise timing. An enlarged frame of a closeup of a whirling drill, which is normally impossible to photograph without stroboscopic action, achieves altogether correct motion.

• **Mathematical Problem**—Producer Yorke says that his results are not attained by sticking to a single set rule, but rather by a newly developed mathematical determination of the ratios between rotational speeds of particular objects, camera shutter speeds, and the depth of focus of a particular lens. Thus far, he has confined the operation of his formulas to studio and location shots, is not fully revealing his methods.

RUBBER COSTS CUT

The country's first two government-financed synthetic rubber plants have come into production and with their first months' reports has come the announcement from Arthur B. Newhall, rubber coordinator of the War Production Board, that the synthetic product is not going to cost as much as expected (BW—Jun. 20'42, p15). No cost figures were revealed.

Goodyear brought the first unit of the government-financed synthetic plants into production in May. Firestone the second in June. United States Rubber is scheduled to turn out buna in August, and B. F. Goodrich in November. Goodrich has had a small privately-financed plant in operation for some time.

WANTED *A Manufacturing Company with Peacetime Earnings*

A substantial industrial company is interested in acquiring working control or complete ownership of a manufacturing concern with established earning power under Peacetime conditions. If recent earnings and prospects for duration of the war have been adversely affected by changed conditions, this will not prevent favorable consideration.

Write for further information identifying yourself sufficiently to warrant serious consideration by our client, to whom your letter will be promptly referred in confidence.

Address Box 45 B Doremus & Company
Advertising Agents, 120 Broadway, New York

Dehydrated Meat

Agriculture Department offer to buy dried beef and pork for lend lease spurs improvement in process, new plant capacity.

To speed up and encourage the transition from an experimental to a commercial basis, the Agricultural Marketing Administration offered last week to buy all the dehydrated meat offered for lend-lease sale that would meet certain quality standards.

The meat industry, working with the Agriculture Department, the British Department of Scientific Research, and the University of Chicago, has developed



SOLDIER TO SOLDIER

Last week employees of the Edward G. Budd Mfg. Co.'s North Philadelphia plant witnessed a preview of the Army's latest contribution to the nation's war production drive. A task force of enlisted men who arrived in jeeps, scout cars, and tanks deployed through the plant, hand-shaking, back-slapping and otherwise bringing the Army's greetings to the "soldiers in denim" on the production line. Their advance through the aerial torpedo department (above), as in all others, was adequately supported by a barrage of flash bulbs from news cameras.



Trim, overhead mounted Trane Projection Unit Heaters contribute to the efficient appearance of the plant.

Architect and Engineer: Albert Kahn Associates Architects and Engineers, Inc. General Contractor: Thorgersen & Erickson Co. Heating Contractor: S. J. Reynolds, Inc. Photos by Hedrich-Blessing.



HOW TRANE COMFORT HELPS BUICK SPEED AVIATION ENGINES



TRANE BLACKOUT VENTILATOR

Positive ventilation for blackout plants. The Trane Blackout Ventilator is engineered to the requirements of modern industrial buildings. Weather-proof, light-proof, and easy to install.



TRANE FLOAT TRAP

Working in conjunction with Trane Unit Heaters on many a plant heating system are Trane Float Traps—representative of the Trane Heating Specialty line which includes Valves, Traps, and Fittings for steam, vapor, vacuum and hot water heating equipment.



TRANE PROJECTION UNIT HEATER

Trane Projection Unit Heaters provide the easy solution to the problem of heating large areas efficiently. Available in a variety of sizes for a wide range of mounting heights with or without diffusers.

Trane Projection Unit Heaters comprise the heart of the heating system at Buick's Aviation Engine Plant. Generally mounted at a height of 23½', the units diffuse even and comfortable warmth over the entire area of the plant.

But the problem of heating and ventilating a great plant like Buick's didn't end here. Also on the job are Trane Winter Supply Ventilators, complete with face and by-pass dampers, Trane Heating Coils, adjustable vane diffusers, and thermostatic control. Fresh air is supplied through roof ventilators. Trane Torridor Blower Type Unit Heaters serve the boiler house and also are used for door blanketing purposes in the factory area. Neat appearing and space saving, Trane Convectors heat the office space.

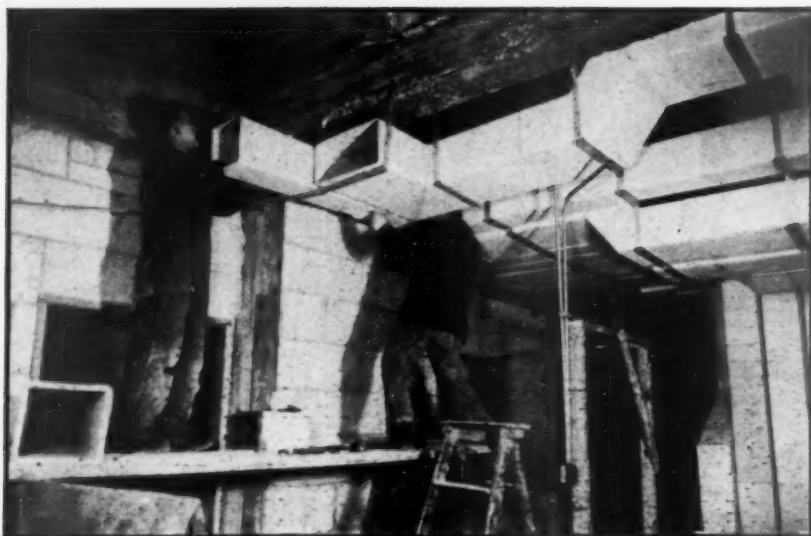
Completing this array of Trane heating and ventilating equipment are the Trane Steam Heating Specialties used throughout the heating system—on various heating units, mains, and riser drips. Trane No. 30 Valves and B-1 Angle Traps are used with the Unit Heaters to remove all air and condensate and facilitate the 100% efficiency of the heating system.

This installation is a concrete demonstration of Trane's ability to serve war industry, processes, and all types of military and naval construction with the nation's broadest line of heating, cooling, and air conditioning equipment for every purpose. There is a Trane representative near you.

THE TRANE COMPANY

LA CROSSE, AIR² WISCONSIN

Also TRANE COMPANY OF CANADA LTD. TORONTO, ONTARIO
HEATING • COOLING • AIR CONDITIONING EQUIPMENT FROM 85 OFFICES



SAVING STEEL

An air-conditioning duct, constructed entirely without steel, is now being produced by the Philip Carey Mfg. Co. of Cincinnati. The new ducts have an inner core of solid asbestos, and an outer shell or insulating jacket

of multiple layers of fine, corrugated asbestos, is made with simple slip joints to permit telescoping to facilitate fitting. The workmen are installing the ducts in the new War Department building in Arlington, Va., with a reported saving of 2,000,000 lb. of steel on this job alone.

several satisfactory methods of dehydrating beef and pork suitable for use in croquettes, meat loaves, meat pies, or stews.

• **Pushing for Perfection**—At the present time, the industry has an estimated meat dehydration capacity of 100 tons a week, but Agriculture would like to have many times this quantity. Departmental men realize that some meat dehydration problems remain to be solved, but intensive research over several months has at least established the fact that a satisfactory product can be turned out. Thus, AMA stepped in with its offer to buy even before all production problems have been solved.

By this method, Agriculture hopes to put added steam into the drive for perfecting the dehydration process. It also expects to get the nation's meat industry started on additional production facilities even before the dehydrated product is completely out of the laboratory stage of its development.

• **What Product Is Like**—Dehydrated meat occupies one-half the volume and weighs about one-fourth as much as raw lean meat. When samples are submitted, they will be subjected to rigid tests for moisture and fat content, development of rancidity, changes in protein, mineral, and vitamin content, storage in heat and other simulated wartime conditions, and cooking and eating qualities.

In the cases of its earlier dried-egg and dried-milk programs, the Department of Agriculture furnished financial assistance

for the construction of additional facilities, but it is now believed that the promise to buy for lend-lease is all that is necessary to step up production of dehydrated meat.

Oat-Hull Roads

Furfural, extracted as a byproduct of oatmeal making, tried as binder between asphalt and rock in test highways.

Furfural is a name that sounds like some strange onomatopoeia, a word that tickles philologists, but it is something that most people couldn't tell from a \$2 hat. Actually it is a liquid made from oat hulls, of which Quaker Oats has plenty left over from its oatmeal manufacture, and the trick name comes from the Latin for "oil of bran."

It was stumbled upon in trying to convert oat hulls, a cow feed, to sugar, and chemists saw that, after 92 years, they had a cheap source of what had been only a laboratory curiosity.

• **Technically Speaking**—Furfural is a heterocyclic aldehyde derived from pentosans, has a pungent almond odor, is 16% heavier than water, and sells for 9¢ a lb.

Biggest use is as a selective solvent which oil refiners use to wash their lubricating-stocks, taking out the undesirable compounds. Furfural also removes

color from rosin, is a binder in producing grinding wheels, and in the plastic field has a distinct future. Plastics made from it are dark, possessing heat resistance, and having good electrical characteristics.

• **Binder in Roads**—Now it is being watched in test roads in Idaho and Missouri where furfural was acting as a binder between asphalt and rock, a new project which promises a future.

Back home in Chicago, Quaker Oats (which has seen its basic product, oatmeal, not only serve as a breakfast food, but go into soap, skin preparations, baby food, puddings, cold drinks in the tropics, and in the near future a soda fountain dish) feels that it has done right well in drumming up another new market from a crop byproduct.

While furfural isn't exactly a new product, having been used industrially ever since 1922, it has been in exceptional demand in recent months in common with practically all solvents, binders, and plastic materials.

RUBBER INDUSTRY REVAMPS

With natural rubber bottled up in the Far East and synthetic rubber not yet available in sufficient quantities to take up the slack, the rubber industry is continuously revamping its facilities to use materials it can get.

Typical are new operations in the plants of two major companies. Good-year Tire & Rubber is converting part of its facilities for the production of transparent Pliofilm (chlorinated rubber) sheeting for packages, light raincoats, etc., to the coating of Army tent duck with a secret new rubberless synthetic material which "in addition to being waterproof and fireproof . . . is less susceptible to intense heat and cold." Although commercial production of Pliofilm has ceased, some is still turned out for war purposes.

U. S. Rubber is making and waterproofing regulation Army raincoats with an equally secret rubberless synthetic. All that U. S. can say at this juncture is that the material vulcanizes like rubber and produces garments which are "permanently sealed so no water can seep through."

CAR EMBALMERS

"Embalming" of laid-up automobiles is becoming the specialty of the Midwest Manufacturing Co., Detroit, maker of Enduro products. Pushing its "Staze-On Preservative," to be coated over exterior surfaces (it will come off easily at any time), crews are sent out by the company to process stored cars.

Cars are washed, completely covered at all points with glaze, sprays, preservatives and paper, stripped of all engine liquids, and jacked up on partially-inflated tires.

The Arsenal in the Clover

HERE WAS THE PICTURE, three months ago. Strewn around millions of American farms was a wealth of scrap metal. From the steel mills came a constant cry for scrap. But the farm scrap didn't come in. It was scattered far and wide, hard to find, expensive to gather. No system existed to collect it.

So we went to the 8,500 Harvester dealers in rural communities, asking them to help get in the farm scrap. The whole field organization of our company tackled the job. Promotional and publicity campaigns were launched to carry the story to the farmers.

Civic committees were organized to help. Dealers hauled scrap in their trucks. They persuaded their farmer friends to bring along a load whenever they came to town. They provided a place to dump scrap. When a good big pile was ready, the nearest scrap dealer was called in to buy. The steel mills got that scrap. They will *continue* to get it!

RESULT: More than 1,350,000 tons of scrap iron and steel collected from the fields and barn yards of American farms and farm communities. And more coming every day.

That's 35,000 railroad carloads of scrap. Melted down, it's enough to build 30,000 medium tanks for the Army. Or 100 cargo vessels for the battle of ocean transport.

The farmers and businessmen of rural America have revealed an iron mine in the fence corner—an arsenal in the clover.

This job is being done as volunteer war work—done by men who ask no reward, done not only by Harvester dealers and personnel but by dealers of competing companies, by local merchants and organizations. Anyone who wants to help is welcome. And they *do* want to help.

Nobody in the farm equipment industry makes a dime on scrap. We don't. The farm equipment dealers don't. All money from scrap sales

goes to the farmers who bring in the scrap. The work of organizing, collecting and marketing is free.

Now this plan of farm-scrap collection is being carried forward by the entire industry through the Farm Equipment Institute and dealers' associations, with everybody boosting the scrap along. It is closely coordinated with the salvage plans of the W. P. B. and the American Industries Salvage Committee.

THE POINT IS: The producers of America, *men who know how to do things*—farmers, operators of small businesses, representatives of large business—working together, are doing another good job to help win the war. They are licking one more problem that some said was difficult and some said was impossible.

In Tokyo, in Berlin and Rome, they're finding out what it means to war with a nation where people, like motors, are self-starting.

INTERNATIONAL HARVESTER COMPANY
180 North Michigan Avenue Chicago, Illinois



SCRAP—rubber and metal—is a vital need in war. Turn in your scrap now. Every ounce will help to bring the Victory nearer!

INTERNATIONAL HARVESTER

LABOR & MANAGEMENT

Draft for Women

Detroit plans to register women workers next month, but it will be on voluntary basis. First call for 80,000.

About a month from now, when the local supply of male employees is nearly exhausted, Detroit will try the nation's first voluntary selective service registration for women war workers.

• **Big Publicity Campaign**—As current plans shape up, 600,000 registration cards will be distributed to households in the Detroit economic area—Wayne County, plus communities as far away as Pontiac. Air raid wardens will visit homes to explain the need for women in Detroit's rapidly expanding munitions plants. Carefully planned newspaper and radio publicity will appeal to their patriotism.

Women will be urged to fill out the cards and return them to the U. S. Employment Service. This agency will act as a clearing house to dispatch qualified women to war plants on call, and to analyze the training needs of the balance.

• **Badly Needed**—"Women will be asked to leave their homes for factories because the employment emergency is real," says E. C. Kanzler, regional director of the War Production Board. "Their registration will be entirely voluntary. We are providing the machinery whereby the woman who wants war work can get it." "And we shall try to minimize transportation for her," he adds.

Participants in program, which is still subject to changes in detail are the WPB, the Automotive Council for War Production, the Detroit Board of Commerce, the 25 largest manufacturers in the area, the U. S. Employment Service, the Women's Bureau of the U. S. Department of Labor, the Wayne County Defense Council, and C.I.O. and A.F.L. groups.

• **Still Not Enough**—Immediate purpose of the drive is to find 80,000 women needed in the next few months, but the canvass is also expected to provide a picture of the potential supply of women who do not ordinarily consider themselves part of the labor pool. For even if 80,000 women can be put into jobs between now and November, the Detroit area will face a labor shortage of 56,000 as of that month. And, so far, it is agreed that only about 80,000 can be induced to enter or re-enter the labor market by that time.

The registrants will be classified by the U. S. Employment Service according to their availability, experience, and potential capacity for war work. As workers are required by employers, applicants will be called in for interviews.

• **Kept Under Control**—Regulation of the flow of women applicants to war jobs by USES is favored as a means of preventing the kind of duplication and exaggeration of prospect lists that would follow if women in East Detroit, for instance, were to register on their own with the Briggs, Hudson, Packard, and Chrysler plants. What the Employment Service does along these lines in Detroit may be one of the services that its supervising War Manpower Commission will handle on a national scale later on.

RED INK IGNORED

The National War Labor Board has long sought to make clear that an employer's ability to pay is not accepted by it as a controlling factor in cases involving a union's demand for wage increases. Usually, that has been interpreted to mean that the board wouldn't make wage awards just because an employer could afford them. This week it was apparent that NWLB's ability-to-pay policy could work in reverse.

The Detroit & Cleveland Navigation

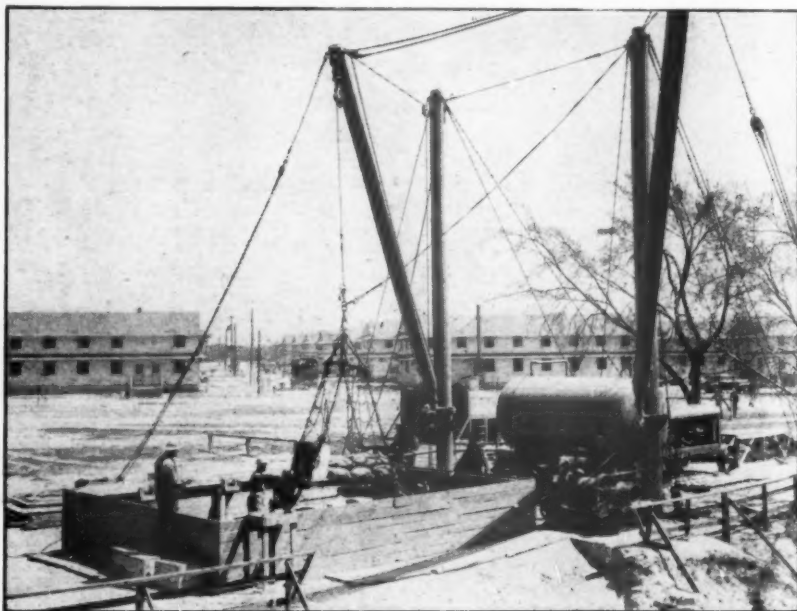
Co., operating at a loss since 1950, was ordered to raise wages on the demand of the A.F.L. Seafarers' Union because its wages were below prevailing standards. NWLB's four employer members concurred in the decision.

By way of easing the burden as much as possible the board addressed a recommendation to the Office of Defense Transportation, urging it to do what it could to "secure for the Detroit & Cleveland Navigation Co. an opportunity to increase its revenues by getting it a greater share in the transportation of war supplies between Detroit, Cleveland, and Buffalo."

CHECKOFF PLUS BONDS

A new contract between the A. F. Aimone Co., New York City cotton goods firm, and an A.F.L. local union combines a dues checkoff and war bond purchase arrangement designed to meet the employers' objections to wage increases on the ground that they are inflationary.

A \$2-a-week wage increase provided for in the agreement will be paid directly to the union by the employer. The union binds itself to invest all of this money, after union dues of \$2 a month are deducted, in war savings stamps to be credited to individual employees. When \$18.75 in stamps is accumulated for the individual member, the union will exchange it for a \$25 bond and turn it over to him. The union will handle all bookkeeping involved.



DRY-LAND STEVEDORES

Aboard a contraption that resembles a ship's deck, U. S. soldiers at Fort Hamilton, Brooklyn, learn the art of

stevedoring on a set of maritime hoists before being sent to do similar work in foreign ports. The men, members of the Quartermaster Corps, will load and unload convoyed equipment.



When you buy carelessly the Axis is pleased

If you want to help get back at the Axis, buy *longer-lasting* things . . . when you must buy at all.

Whenever you do that, the things you buy won't need to be replaced so soon Less

material, less machine time, less labor are absorbed by you; more of all three is available against the Axis.

Buying for longer service not only provides you with better value; it conserves importantly

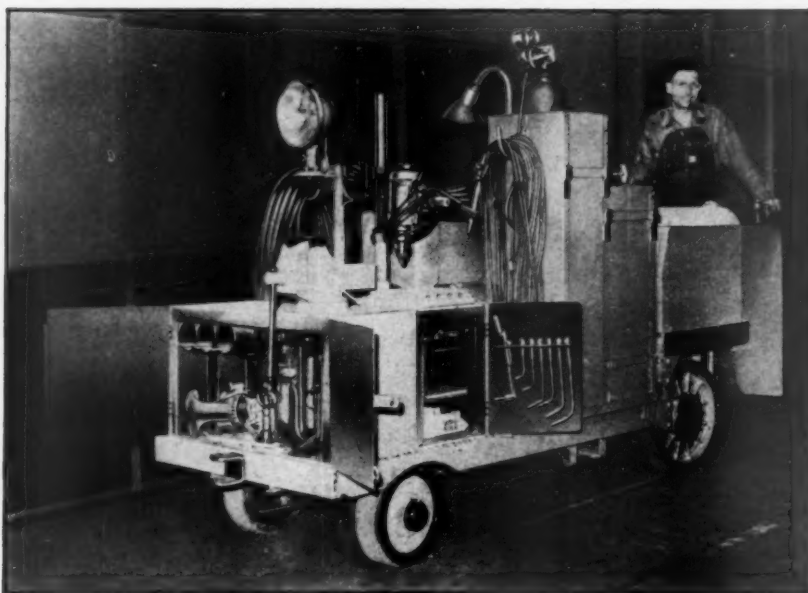
for Uncle Sam. It happens to be one more way for you to help your country win.

THE ELECTRIC STORAGE BATTERY COMPANY
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For 54 years the name "Exide" has symbolized dependability, long life. Exide research has covered in detail the application of storage batteries to practically every business. A wealth of important facts, bearing on the problems of each industry, is available to executives on request.



EMERGENCY UNIT

An unusual maintenance unit has been developed at the Fisher Body plants of General Motors Corp., to cope with breakdowns if factories are bombed. Its two main purposes are

to clear away debris and to act as a temporary unit to avert a stoppage of production. It is equipped with jacks, shoring timbers, crowbars, etc., to be used in clearing wreckage as well as welding and other equipment for use on assembly lines.

The Job Is Safer

There are more accidents in idle hours than during work, Fisher Body says, if everyone helps in safety drive.

New hands, new jobs, and something unexplainable about the atmosphere of war seem to work together to multiply industrial accidents. A favorite government statistic of Manpower Commissioner Paul McNutt is that illness and injury cost us 6,000,000 work days every month.

• **It's Results That Count**—Citing statistics and learning safety rules are all right in their way, but they are no safety program at all, according to Fisher Body division of General Motors, one of the organizations that emphasizes safety practice over preaching.

M. J. McCarthy, safety director, says the Fisher policy on safety is the essence of simplicity. Every plant superintendent is directly responsible for the safety of every employee working in that plant.

• **No Room for Alibis**—That policy is rigid, makes no allowances, in the belief that every accident could have been prevented. Plant superintendents have been fired for unfavorable safety records. Safety directors were fired for economy

during the depression, and Fisher Body had the best safety record in its long history.

That doesn't mean the safety directors aren't needed, because they are back on the job now, said McCarthy; it just shows the responsibility has been put where it belongs. McCarthy says his job is merely "to supervise safety supervision."

• **Meetings Stress Program**—The plant superintendent passes his responsibility to his foremen. Each is directly responsible for safety of the men he bosses. Every month there is a little group meeting around each foreman, on company time, and a lecture on safety, either by the foreman or by one of his men. Every man is encouraged to take individual responsibility in measures to prevent accidents.

In Janesville, Wis., Fisher Body claims an all time automobile industry safety record, 5,450,000 hours worked over a period of four years without a time losing accident, a record unbroken at the time the plant began converting to armament production. In tabulations of the National Safety Council, Fisher Body boasts the first seven places, among 37 automobile parts manufacturers, and 12 out of the first 13 places in low accident rates.

• **It's Safer at Work**—All U. S. industry has an accident rate of 12.52 time losing accidents per million man hours worked. The automobile industry's rate is 7.29,

and Fisher Body's 2.05. The men are safer at work than they are outside the plant.

If a company shows it is sincerely interested in safety, the men respond, McCarthy says. "A safety program offers the only noncontroversial subject in the operation of our plants—it offers an avenue of approach to good labor relations that is not found in any other field."

• **Searching Out the Causes**—When an accident does happen, a complete report goes to all divisions where similar conditions exist, and search for the cause may go on for years.

In the Cleveland division of the corporation, Fisher Body is still trying to find out how an electrician managed to get into the spot where he was killed by a bus bar two years ago.

It's the Weather

Summer's heat brings the usual quota of wildcat strikes. Three such walkouts in Detroit bring U.A.W. intervention.

Hot weather has generally brought a run of wildcat strikes to Michigan automotive plants; late June and early July this year proved no exception despite war work in production.

• **Blackout Argument**—A management decision not to pay for 20 minutes of time lost in a practice blackout at Yellow Truck & Coach Manufacturing Co., Pontiac, precipitated a one-day walkout. The men won the 20 minutes' pay, but lost a day's work while their machines were standing idle.

Installation of new gears in machines of twelve workers of Monroe Auto Equipment Co., Monroe, brought a claim of "speedup," and an eight-hour walkout of several hundred war workers.

• **U.A.W. Intervenes**—Scattered employees at the Detroit Diesel Engine Division of General Motors, believed disgruntled because their departments were not included in a pay raise award determined by a negotiator, walked out and made one shift of about 1,200 men idle for several hours.

These strikes brought energetic protests from international headquarters of the United Automobile Workers Union, which immediately dispatched representatives to urge the men to return to work.

Officials of C.I.O.'s Steelworkers Union also had their hands full, trying to put down unauthorized strikes in United States and Bethlehem Steel plants in Indiana, Illinois, and Pennsylvania.

Wage adjustment demands figured in most of the steel stoppages, the most serious of which lasted three days in Big Steel's Gary works.

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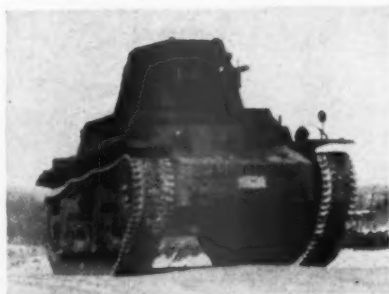


You, Too, Can Help Build a Tank

"Every weapon we make this year is worth ten that we might produce next year!"

These are fateful words. They are hard to believe—but they are true. If some of us don't decide *now*, to forget our petty struggles to maintain ordinary business contacts and labor and trade relations, we are going to lose the war, and with it, all future possibilities of ever enjoying these advantages again.

Don't believe it can't happen here. *It can happen and will* if every available man and machine, in small plants as well as large, is not converted, immediately, to some form of war production. Americans who have the idea that the big automotive and airplane plants



alone can produce enough to win the war are sadly mistaken.

Buying War Bonds and paying taxes is not enough. Airplanes, tanks and guns don't build themselves, no matter how much money is available. *Active participation* in the war effort is needed as much as financial support.

In our own case, more than 1,000 sub-contractors are contributing to Marmon-Herrington production, and we are turning out three times as many weapons of war as we did last year. But we can double our output again, with our present facilities, if we can get better deliveries on machined and fabricated parts. We are doing everything in our power to get them.

The time is much later than most of us think. There is none to lose. America has worked miracles since Pearl Harbor—but not enough. The positive co-operation of every individual, and every factory in the country, in *some essential work*, is necessary now, if we are to have any future worth living.

MARMON-HERRINGTON

INDIANAPOLIS, INDIANA

A THOUSAND EARS



and Only a Handful of Men

● By reason of a unique, revolutionary method of detection, A.A.I. Automatic Alarms reduce the hazard of industrial sabotage to a negligible minimum. Tiny, robot sentries, or detectors, attached at intervals along protective wire fence lines, serve as a "thousand" supersensitive ears in detecting and reporting danger. The sound of even as little as the touch of the human hand upon the guard fence is converted into both visible and audible signals, at the same time actually locating the zone of disturbances. A.A.I. Automatic Alarms may be employed with only a "handful" of men for the successful safeguarding of important industries. The amazing sensitivity and efficiency of this method of protection, together with relatively low cost and ease of installation, warrant its use by every important industry.

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Today it is necessary to have greater efficiency in business and there are many useful Globe-Wernicke office accessories that speed up office routine and war work. These economical and practical "business helps" are needed in every office.

Globe-Wernicke merchandise is sold by leading stationers and office equipment dealers everywhere.

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BUY WAR BONDS

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EVERYDAY FILES

Needed in offices... factory and home; several styles, indexed alphabetically, days of month, etc. Standard and legal sizes.



**ANGULAR CELLULOID
TAB GUIDES**

Easy to see...easy to find...no stooping or bending to read indexing; inserts are removable; changes made easily.

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BOX FILES

Available in letter and legal sizes...alphabetically indexed. Needed in nearly every office. Often used for personal filing.

The Globe-Wernicke Co. .. CINCINNATI, O.

Health Insurance

Rhode Island is first state to inaugurate compulsory system for workers. Employers not required to contribute.

Rhode Island employers have just finished setting up a new system of payroll records this month as the country's first compulsory health insurance law went into effect. Entitled the Cash Sickness Insurance Act, the state statute is a pioneering piece of social legislation certain to be copied in principle, if not in detail, by other states.

● **No Employer Contribution**—In its original, unamended form, the law does not ask for contributions from both employers and employees. It is a unilateral law applying only to employees. But the first state unemployment insurance law was also unilateral, hitting only employees. That law in Wisconsin was soon changed to apply to both groups, and the Rhode Island law is likely to have a similar history. Strong labor and social service group pressure is already trying to convince the legislature that there should be mandatory employer contributions before the Apr. 1, 1943 date which the law establishes as the time when benefit payments are to begin.

For the present, however, Rhode Island employers are required only to keep records, withhold the necessary contributions from the wages of employees, and transmit these funds to the state sickness insurance fund. The fund is administered by the state Unemployment Compensation Board, and employee contributions equal 1% of wages up to a limit of \$30 a year.

● **Waiting Period Provided**—The benefits to be paid after Apr. 1, 1943, range from a low of \$6.75 a week to a maximum of \$18. The most it is possible for an employee to draw in any one year is \$364.50, payable only if his wages were \$3,000 or more during the year before and if those wages were earned in employment covered by the act. Employees not covered by the act are the same as those exempt under the Rhode Island unemployment system. A "waiting period" of one week between filing a claim and drawing benefits is provided.

A worker is not entitled to benefits if he draws workmen's compensation for the period of his illness, if he draws higher payments than the sickness insurance fund provides in the form of primary benefits from social security funds, or if he draws benefits for the period from state unemployment compensation. Claims are filed at state unemployment compensation offices and applicants may be required to submit to mental and physical examinations.

● **Straw in the Wind**—The Rhode Island

and which would have enabled the three independents to meet at least part of the wage demand, fell through. This was to qualify themselves for government meat contracts (worth 2¢ a pound more than private sales) by submitting to inspection by the Bureau of Animal Industry, which passes on all interstate meats.

The inspection service has been made available to intrastate packers by a recent law, but the association found it would take months to untangle the preparatory red tape, thus affording no immediate relief in the wage dispute.

Unions Differ

That's the studied opinion of employer-members of NWLB as they dissent from majority in Caterpillar M. of M. award.

The stand taken by the four employer members of the National War Labor Board on "maintenance of membership" as it was just applied to the Caterpillar Tractor Co.—a stand referred to by at least one public member of NWLB as a "revolt"—would be notable at any time. Now, however, as the board sits in executive session on the Little Steel case (page 16), it takes on added significance.

• **Industry Members Dissent**—The four industry representatives, Messrs. Lapham, Horton, Mead, and McMillan, dissented from a board order subscribed to by public and labor members. That award directed Caterpillar to insert in a contract with the C.I.O. a clause providing that any employee who chose to be a union member after a 15-day "escape period" had to stay a union member during the life of the contract or be discharged.

In writing the employers' dissent, Roger Lapham noted special circumstances in the Caterpillar case which had not been present in other cases where he, and other employer board members, had voted with the majority for union maintenance. He wrote that he found it "difficult to justify a maintenance of union membership clause on the basis of the merits in this case."

• **Not Even a Majority**—He considered it noteworthy that the C.I.O. had secured its bargaining status in Caterpillar by virtue of an election in which it had polled only 5,814 of 12,521 votes cast. A majority voted A.F.L. or "no union."

Emphasizing the fact that both the local union in the case and the parent organization with which it is affiliated are "relatively young and neither organization has yet acquired a proven background of responsibility" while "the company, on the other hand, has a history of progressive development . . .

and a record of . . . cooperative manner and good faith," the Lapham opinion is the first-known attempt by a member of a federal labor tribunal to distinguish between labor organizations on the basis of their qualifications.

• **Security—for One Party**—Up to this point, the government labor agencies, while giving weight to the record and attitudes of management in deciding how much "protection" a union required, have never seriously considered how well qualified a union was to refrain from the abuse of power bestowed on it.

To be sure, the Lapham dissent does not call the Farm Equipment Workers Organizing Committee in Caterpillar a "bad" union, but it shows awareness that there have been serious charges made alleging Communist Party leanings of the parent organization's leaders. The fact that it cannot match the company's record of progress and responsibility is decisive to Lapham, and presumably to the other board members as well, in voting against the grant of power which union maintenance confers.

• **Accounting Requested**—Lapham explains that, when it was apparent union maintenance was going to be granted by the public-labor majority, the employer members offered a motion that the union file with NWLB's secretary (1) a copy of constitution and bylaws, (2) names of officers, (3) amount of dues and initiations, and (4) a statement of receipts and expenditures. This motion was defeated by an 8-4 vote.

In summarizing the position of industry representatives on the board Lapham says, "It seems only fair and reasonable to require that the unions receiving this advantage (union maintenance) measure up to certain standards. If a government agency is to give advantages not granted by legislative action, it should also impose upon the beneficiary certain conditions which Congress has not yet seen fit to require."

• **Morse Criticizes Stand**—In a special opinion aimed at the Lapham dissent, Wayne Morse, public member of the board wrote that the position taken by employers in the case is "highly improper and constitutes a proposal which exceeds the functions and purposes of NWLB." Although making it clear that he is not opposed to subjecting unions to greater government regulation, Morse insists that "such regulation should flow from the halls of Congress and not from a war emergency agency."

In subsequent opinions it is expected that the employer-members of the board will fill in the details of their position. Meantime, the new ground they have broken is still unseeded. Before it will yield practical results it must find a measure of support from, to begin with, other employers.

FINANCE

Drain on Gotham

New York banks lose cash, deposits because Treasury gets more money from city than it spends there. Other areas gain.

Second quarter reports show that banks in the eastern money centers, particularly New York, have begun to feel the heavy pressure of war financing. In spite of their purchases of government securities, many New York banks recorded a decline in deposits during the last three months. In contrast, banks in other sections of the country gained deposits.

• **Loans to Government**—With few exceptions portfolios of government securities showed the expected rise. Tabulation of reports indicates that the West and Middle West stepped up their purchases of governments during the quarter. Most eastern banks also built up their holdings, but several of the largest report a net decrease.

In general, loans and discounts fell off or barely held their own. Yet, in most cases, the rise in bond holdings more than offset the shrinkage of commercial and industrial borrowings so that the total of earning assets moved upward.


• **Eastern Banks Lose Business**—Here again, banks in eastern money centers suffered more than those in other areas. With the bulk of war production located at interior points, seaboard banks have gotten a comparatively small share of new business. At the same time, the shutdown of civilian industry has taken away many of their regular customers.

The slump in commercial loans partly explains the shrinkage in deposits, but it was not the main cause. Thirteen out of 22 of the largest New York banks showed substantial reductions in deposits, but only six of the 13 reported a significant reduction in loans and discounts.

• **Money Flows West and South**—Bankers agree that the principal cause of the drop in New York deposits is the distribution of government expenditures. The Treasury raises more money in New York than it spends there. As a result, there is a steady drain of funds to the interior.

Whenever the Treasury floats a new security issue it operates through the New York and Chicago money markets. Consequently, banks in these two cities show a sharp rise in deposits. As the Treasury disburses the new funds, deposit totals shrink in the money centers and rise in other districts. Since the

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OVERHEAD CRANES

Treasury is also drawing off money by means of taxes and war bond sales, New York banks have experienced a net decline in deposits.

• **Correspondents Draw Down**—The marked increase in currency in circulation and a small but steady withdrawal of deposits by correspondent banks have also contributed to the slump in New York deposits.

Pressure of government financing explains the sharp drop in cash held by the large New York and Chicago banks. Evidently the metropolitan banks are holding till money at a minimum so they can use all available resources as reserves.

• **Help for Big Cities**—New York and Chicago bankers expect that the Federal Reserve Board will soon be able to ease the reserve situation for them. Legislation now waiting President Roosevelt's approval would permit the board to lower reserve requirements for New York and Chicago banks without altering them for other districts (BW—Jun. 13'42,p91).

Bankers know that the Treasury must have easy conditions in the metropolitan money markets if it is to float its debt at low interest rates. Any prolonged strain on the big banks is sure to stiffen rates. Hence, bankers think the Federal Reserve Board will use its new power without much delay.

• **Loan Decline a Problem**—Lowering reserve requirements would take a lot of the pressure off New York banks, but it would not solve all their problems. Deposits will fall off as long as the drain to the interior continues. Commercial loans—the big money makers for most banks—will probably keep on shrinking for some time.

The experience of Chase National, the world's largest bank, is typical of what happened to New York banks in the second quarter. Cash dropped from \$1,254,000,000 to \$1,137,000,000. Government securities went up from \$1,418,000,000 to \$1,575,000,000. Loans, discounts, and bankers' acceptances slid down from \$831,000,000 to \$828,000,000. Deposits dropped from \$3,628,000,000 to \$3,595,000,000.

• **How Others Fared**—National City had about the same experience. Cash went from \$1,035,000,000 on March 31 to \$936,000,000 on June 30. Government securities jumped from \$1,169,000,000 to \$1,227,000,000 in the same period. Loans and discounts dropped from \$630,000,000 to \$595,000,000. Deposits shrank from \$2,964,000,000 to \$2,917,000,000.

Guaranty Trust showed the same trends in cash, governments, and commercial loans, but managed to increase deposits from \$2,257,000,000 at the end of March to \$2,289,000,000 on June 30.

• **Deposits Rise in Chicago**—Chicago banks also reported a smaller cash position, but all the larger ones gained de-

THE MARKETS

Wall Street divided its interest this week between a stock market that is still trying to go up and the new Treasury bond offering. The Big Board joyfully recorded its heaviest day since last March. In the bond market, dealers were busy adjusting to the two billion flotation of governments.

• **Comparable Bonds Ease**—The Treasury announced on Wednesday that it was offering \$2,000,000,000 worth of 2% bonds, maturing in 1951, callable in 1949. While this was about what the market expected, some traders were looking for a longer maturity and a slightly higher rate. As the market adjusted to the news, long-term issues gained ground. Intermediate maturities, comparable with the new offering, dropped about a quarter of a point.

Terms of the offering make it plain that the Treasury is counting on the commercial banks to take up most of the new issue. In the past, nine-year 2's have proved themselves a "bank bond". Insurance companies and other large institutional investors prefer the long-term issues which carry higher coupons.

• **Some Reactions**—Some traders were worried to see the Treasury making another trip to the banks instead of trying to tap less inflationary sources. In their opinion, it would have been better to reopen the 2½% "tap issue" which was designed to appeal to insurance companies.

Most of the market thinks there's no reason to get nervous. As war financing proceeds, the Treasury will drain every possible source. No matter how much it gets elsewhere, commercial banks will be its mainstay.

• **Large Issues Coming**—The fact that the current offering is a bank bond makes it probable that the tap issue will

be opened up again soon. Secretary Morgenthau has announced that the Treasury will borrow between \$3,750,000,000 and \$4,500,000,000 during July and August.

Experts think that when the current offering is completed, the banks will need a rest. Last spring an experiment with the tap issue produced nearly \$900,000,000, most of it from the insurance companies. At that time the tap issue was an unfamiliar affair; a second should go better.

• **Stocks Rise Smartly**—Interest in the new Treasury offering suffered somewhat from unexpected competition of the stock market which put on its flashiest performance since the start of the present rally. Trading on the Big Board jumped to 576,860 shares on Wednesday, the heaviest since Mar. 6. The industrial price average climbed sharply, quite ignoring war news that was hardly comforting.

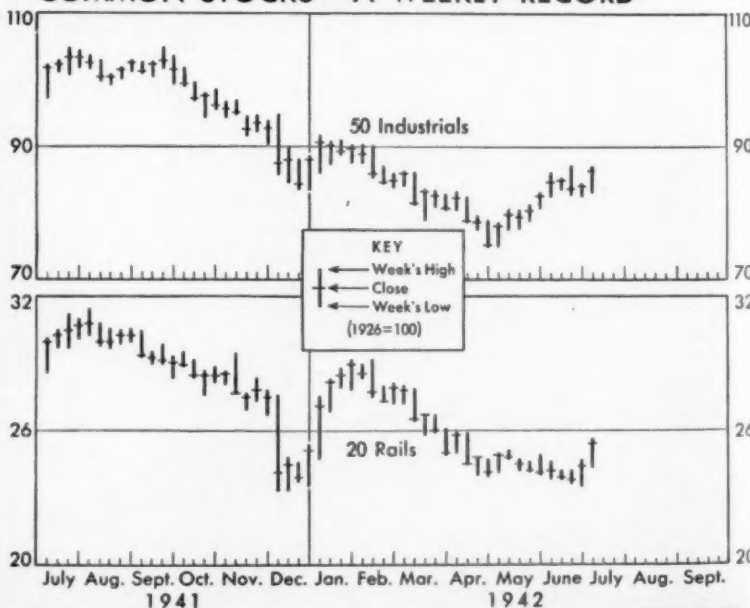
Wall Street is impressed by the way stocks have risen in spite of bad news from Egypt and Russia. Some traders even profess to believe that this is the start of a real bull market.

Security Price Averages

	This Week	Week Ago	Month Ago	Year Ago
Stocks				
Industrial ...	86.5	84.2	84.8	101.8
Railroad	25.4	24.4	24.2	30.0
Utility	30.4	30.3	31.9	45.4
Bonds				
Industrial ...	107.8	107.2	107.4	104.9
Railroad	83.8	83.6	83.7	88.2
Utility	104.9	104.6	102.8	107.1
U. S. Govt. ...	110.8	110.8	111.0	112.0

Data: Standard & Poor's Corp. except for government bonds which are from the Federal Reserve Bank of New York.

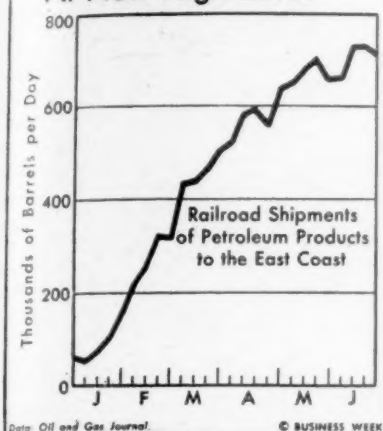
COMMON STOCKS—A WEEKLY RECORD



Data: Standard & Poor's Corp.

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Railroad Oil Shipments At New High Level



Tank car shipments of petroleum products to the East Coast reached an all-time high of 731,760 bbl. a day in the week ended June 20, and is holding virtually at that level. The goal of 800,000 bbl. is thus within striking distance. The best available estimate of East Coast demand under present restrictions is 1,250,000 bbl. a day. Present pipeline capacity is roughly 150,000 bbl. and barges are bringing another 75,000 bbl. every day. With no shipments by tanker, the indicated deficiency is 250,000 bbl. A year ago, tankers were delivering 1,500,000 bbl. daily.

posits. Continental Illinois showed a June 30 deposit total of \$1,725,000,000, which compares with \$1,701,000,000 on Apr. 4. Government securities increased from \$731,000,000 to \$944,000,000. Loans and discounts dropped from \$286,000,000 to \$264,000,000.

First National of Chicago increased deposits from \$1,356,000,000 to \$1,392,000,000 in the quarter. Governments rose from \$470,000,000 to \$545,000,000. Loans and discounts showed a gain, rising from \$396,000,000 to \$405,000,000.

• **Cleveland Totals Go Up**—The four largest Cleveland banks reported substantial gains in deposits and increases in cash. Loans and discounts turned down during the quarter.

On the West Coast, Wells Fargo and Bank of America both reported increases in deposits and sharply rising totals for government securities.

First National of Boston gained deposits, reporting \$874,000,000 for June 30 and \$845,000,000 for Mar. 31. Cash went down from \$398,000,000 to \$311,000,000, while the government portfolio rose from \$163,000,000 to \$257,000,000.

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See ACCO advertisement in this issue, page 64

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000. Loans and discounts also gained, rising from \$326,000,000 to \$344,000,000.

Philadelphia National showed a gain in deposits, but Fidelity Philadelphia registered a moderate contraction. Both showed a small drop in loans and discounts.

● **Earnings Change But Little**—The earnings record for the quarter was spotty, showing no clear trend. The majority of big banks seem to have bettered earnings in the first quarter, but for most of them the six-months total is somewhat below last year. Except in a few cases, the variation in earnings is not important enough to affect dividend policy, either favorably or unfavorably.

Chase National earned 40¢ a share, which compares with 36¢ in the first quarter. In the second quarter of last year, however, earnings were 42¢ a share.

Guaranty Trust made \$3 a share, the same as the preceding quarter. Second quarter earnings last year were \$3.41.

In Chicago, Continental Illinois earned \$3.11 a share in the first six months of the year. This compares with \$5.12 in the corresponding period last year. First National earned \$9.50 against \$9.58.

● **Tax Reserves Are Large**—Estimates of quarterly earnings are always taken with a grain of salt because appropriate allocation of fixed costs and unexpected expenditures cannot be made until the end of the year. Many banks set up heavy reserves for taxes and other contingencies before they computed earnings for the second quarter this year.

Investors, Arise!

Homer Martin of U.A.W. fame forms association to get everyone 4%, loses a director day after announcing plans.

Successively minister, auto assembler, union president and manufacturer's agent, Homer Martin, one-time aspirant for chief of the United Automobile Workers, has turned to organizing corporate stockholders.

● **Initial Claims**—Martin has announced at Detroit, scene of his rise and fall in the U. A. W., creation of United Investors of America. Reminiscent of organizational drives in labor was the opening claim that membership includes a nucleus of "several thousand" common stockholders in every state (even though the directorate is made up entirely of Detroiters), that the goal is a million members, that dues are \$1 a month or \$10 a year.

Martin promised that details would be available at a forthcoming meeting of the Optimist Club of Dearborn.

following which the group would be incorporated. He said a principal aim would be to assure "a minimum return to common stockholders of at least 4%." He hinted that legislation might be sought.

• **Varied Directorate**—Martin is president of United Investors; the vice-president is another manufacturer's agent, Harold M. Owen. A recorder's court reporter, Chester A. Stickle, is serving as secretary-treasurer.

Directors listed include Jefferson W. Baker, head of the brokerage firm of Baker, Simonds & Co.; John H. Langdon, secretary-treasurer of the Mutual Income Foundation; George A. Thomas, cashier of the State Savings Bank of Lincoln Park; G. E. Leland, secretary-treasurer of Ecclestone Chemical Corp.; Arthur C. Repke, office furniture dealer, and A. Sherwood Vickers, president of the Trend Casting Institute of America. Vickers also is educational director.

• **Growth in Reverse**—Martin says the board will be enlarged later. Yet the first was a reduction. The day after Martin announced his new project, broker Baker resigned, saying, "I was being kidded about it too much."

SPREADING THE AUDITS

Following recommendations of the American Institute of Accountants, many businesses are now considering an auditing method that would spread the work over a full year instead of concentrating it at a single date. Object is to handle the increased volume of accounting resulting from wartime conditions without sacrificing thoroughness.

The institute also suggests that meetings of stockholders and publication of annual reports be postponed in cases where auditing is spread over a long period. Both the New York Stock Exchange and the Securities and Exchange Commission have rules setting time limits on reports and stockholders' meetings. In correspondence with the institute, they indicated tentative approval of the plan but made no specific commitments.

NEW OFFERINGS ARE SLIM

Although volume of production reached the highest levels in history, security financing fell off to less than \$1,000,000,000 in the first six months of this year. With government credit crowding them out of war production, private financiers had to take what they could get from rapidly contracting civilian industry. The figures show that they got very little.

New securities issued in the first half of 1942 totalled \$913,304,000, according to the New York Journal of Commerce tabulations. For the corresponding period last year, the total was \$1,556,177,000. June financing came to

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about \$133,000,000, an even \$100,000,000 below last year.

Extension of government credit to war industries was the main reason for the shrinkage, but several other factors contributed. Railroads took advantage of their new prosperity to tidy up their financial structures; instead of issuing new securities they set about retiring old ones. When the War Production Board clamped down on car and locomotive building, many proposed equipment issues were cancelled.

Material shortages kept states and municipalities from contracting for their usual quota of highways and civic improvements. Civilian industry, unable to obtain raw materials, wanted no new funds.

The outlook for the immediate future offers no encouragement. Security dealers expect the downward trend to continue until the end of the war.

COMMODITIES

Parity Problems

Corn farmers' fight over sale of cheap wheat obscures more important drive for full parity loans on all crops.

The Department of Agriculture was theoretically flat broke this week as one of the year's two main controversies in farm politics—the sale of government wheat stocks and increases in crop loans—held up the Department's appropriations bill for 1942-43 expenses. Point at issue was the House rider on the appropriations bill prohibiting the Commodity Credit Corp. from selling any of its large stocks of foreclosed loan wheat below parity, which is currently about \$1.35 a bushel.

• **It's Tough Enough**—Administration spokesmen up to and including Roosevelt called on the Senate to turn down the provision, for they had no desire to see the job of handling this year's record wheat surplus (BW-Apr. 25 '42, p81) made any more difficult, and the feed wheat which CCC is now selling under permission to dispose of as much as 125,000,000 bushels at 85% of corn parity (about 83¢) means a little more storage room for the new crop, at least.

The fight had been shaping up to a critical point for some time. Although livestock goals are high enough to make almost any feedstuff for a welcome product, the corn belt has consistently resisted the sale of government wheat in competition with corn. Joined with corn producers are the soybean growers whose soybean press cake is a big and increasing factor in cattle and hog feed.

• **Corn—on the Hoof**—Corn is not a distress crop, since better than 80% of it is being marketed as pork in an insatiable market and the remainder, sold to processors as shelled corn, is going nicely, particularly since corn sugars, syrups, and corn oil are in active demand. The typical corn farmer, sending corn off his farm as hog meat, is getting considerably better than parity for corn. Parity on June 15 was 97.6¢ a bushel. Almost as a matter of routine, wheat



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ARE YOU worried about your supply of high-grade Vitamin A concentrate? Then here's good news for you:

No shortage of DPI's famed Distilled Vitamin A Esters* is anticipated.

Why? Because DPI's unique process of high vacuum molecular distillation of a superior Vitamin A concentrate is not dependent upon a steady supply of those oils which the war has made hard to get.

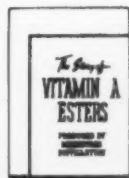
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growers share the corn farmer's opposition to anything the government might do to break any grain price, but aside from that they had no particular reason for opposing the program. As it is, the wheat producer can take the government loan of \$1.14 for his crop and, if he needs feed at home, turn around and buy government feed wheat at 83¢ a bushel.

Cotton growers and their congressmen, on the other hand, have a special and lively interest in the livestock feed market; as producers of cottonseed meal and cake they naturally oppose cheap feed wheat.

● **Fight for Higher Loans**—Probably of greater significance in the long run, however, was this week's struggle between advocates and opponents of 100% parity loans on major farm products. Again wheat, source of major politico-farm headaches for years, was the focal point of argument.

The Bankhead bill, providing for government loans at full parity for cotton, corn, wheat, rice, tobacco, and peanuts, and was supported on the premise that parity prices for farm products are the federal ideal, and that present government loans of 85% of parity, plus farm parity payments to AAA-cooperating American farmers, already established a rough approximation of 100% loans.

Of the three major staples, cotton parity at the latest calculation (June 15) was 18.85¢ a pound against an actual market of 18.26¢. Corn and wheat parities, however, were 97.6¢ and \$1.34 a bushel, while actual markets were only 81.9¢ and 95.7¢. The prospect of what would happen if the CCC, already sweating freely under 85% loan wheat, had to take over all the rest of the crop on 100% loans, the vision of a long procession of farmers ever after producing for the government instead of for destroyed markets, horrified many a congressman and stimulated strong language.

● **Cost-of-Living Threat**—At June 15 figures, a government loan policy of 100% would mean lending wheat growers 39¢ a bushel over the market and corn growers 16¢, a liberality that could hardly be stopped at just a few crops. Lurking behind such a move would be the inherent threat of a higher general food cost, adding to other possible breaches of the cost-of-living ceiling and suggesting in turn higher and higher parity prices.

Last time the 100%-of-parity plan came up, it was defeated on the theory that prices would move between 85% and 110%, averaging about 100%.

The Chicago Board of Trade, when the proposal was first up for discussion, on Monday of this week, gave prompt evidence that it would be one of the major casualties of a high loan by closing with all grain prices showing a sharp decline.

THE TRADING POST

The "Squeeze" at Work

The following letter from the president of a pork-packing business explains itself:

Significant changes are being made in the food markets of the country. In fact, very radical changes have appeared; a condition brought about by rulings and/or price ceilings issued by Mr. Henderson which brought substantial inequalities.

It was to be expected that many different types of business would be hurt to some extent, as no rules or laws could be set down that would not benefit some and hurt others. We are pork-packers and, therefore, chiefly concerned with rules, regulations and price ceilings affecting our industry. There are several hundred pork-packers in the country, large as well as small, who are facing ruin on account of the method of applying ceiling prices in the pork and beef slaughtering industry.

All of the trouble caused to processors (slaughterers), meat wholesalers, jobbers, and retailers results from the rulings of O.P.A. The Administrator placed a ceiling on dressed hogs and beef, and fresh pork and beef cuts. But no mandatory authority was given to the Administrator to place a ceiling on livestock except that the Act provides that the Secretary of Agriculture or the Administrator jointly may put a ceiling on livestock when prices for livestock reach or exceed 110% of parity. Livestock has risen in price until it is now and has been for some weeks considerably above parity. The Secretary of Agriculture has taken no steps or issued no order, and neither has the Administrator, Mr. Henderson, applied any ceilings on livestock.

Prices on fresh pork cuts were frozen at approximately 12½¢ a pound, live weight, Chicago basis. Live hog prices have risen to above 14¢ a pound, live weight, Chicago basis, and have been steady for weeks at around 14¢ to 14½¢ a pound. A pork packer, large or small, cannot pay 14½¢ a pound for hogs and be forced to sell those hogs for 12½¢ without a heavy loss, especially so since the history of the packing industry, as shown by large packers' results over a period of years, indicates a profit of less than ½¢ a pound.

The above illustration indicates that there is a loss of 1½¢ a pound, below the normal margin of ½¢ a pound for the entire industry. There have been in the past few weeks several packing plants closed, such as Knuckles Company, Pueblo, Colo., and John Geblin Company, at Baltimore, Md., and others, for the reason that they could not exist under the orders issued by Mr. Henderson.

Packing companies of all sizes and types, jobbers, wholesalers, chain stores, and independent dealers are taking tremendous losses in the meat department of their business for the simple reason that neither Mr. Wickard nor Mr. Henderson have seen fit to put a ceiling on livestock or adjust retail ceilings in an equitable manner as prescribed in the

Act. The question is, "Why do not Messrs. Wickard and Henderson apply a ceiling on livestock and restrain the livestock raiser as well as the processor and distributor?" The only plausible answer is that their action is political and that they are under the domination of a small group of Senators headed by Messrs. Bankhead and Gillette, who have opposed the President in his published desire to have everyone on an even or equitable basis.

From newspaper reports it was the so-called farm bloc that had incorporated in the Act discretionary authority to Messrs. Wickard and Henderson. The Act is interpreted to read that the Secretary of Agriculture and the Office of Price Administrator may place ceilings on agricultural products when they reach 110% of parity. The Act should have been mandatory, reading in effect that they shall or must freeze prices of agricultural products when such products had reached 110% of parity.

And so with the present administration of the Act, many firms who have been in business for years are finding it impossible to continue and more will follow unless a remedy is applied. The Act prescribes a method of relief by a legal petition to Mr. Henderson and in case he does not give relief, then the matter must proceed to a new Court of Appeals and finally to the Supreme Court. It will take several weeks before a final decision could be had from the Supreme Court. In the meantime, losses pile up. The other avenue of escape, and this avenue is even suggested by O.P.A. officials, is to have Congress remedy the Act, but here again one would be up against the determined, unreasonable attitude of the farm bloc, and it would perhaps take months to get any relief through this channel, if at all.

In the meantime, evidence is at hand that some processors, retailers, wholesalers, and jobbers are refusing to purchase fresh merchandise and sell it over the counters at less than what they paid for it. In other words, the administration of this law is tempting business to violate the rulings in order to exist. Most of those engaged in the meat business are making a sincere effort to live up to the unreasonable rulings and workings of the law and unless relief is given they will die virtuously and a martyr to the law even though it has been unjustly made and capriciously administered.

Epitaph

In a public square in Charleston, West Va., stands an equestrian statue of the late senator from that State, Henry Gassaway Davis. On its base is carved this epitaph:

"Worked as if he were to live forever, lived as if he were to die tomorrow."

And as I read it I found myself wondering how any man could possibly wish to have anything more said of him. For that just about seems to cover it—all.

W. C.

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THE TREND

AMERICA TRIES GEOPOLITICS

Last week's announcement that no commercial export shipments may be loaded for Latin America after Aug. 15 without the approval of the Board of Economic Warfare shook the foreign trade community into a full realization that its business has virtually become a government monopoly. Latin America, after all, is the last big market in which the individual trader has been allowed some freedom of action. All of the rest have been largely taken over by lend-lease business, or closed by Axis occupation and the blockade.

• **The transition** has been made so subtly—first with the widely-accepted embargoes against aggressor nations, then with cash-and-carry delivery limitations, and finally with export licensing and shipping priorities—that there has been little delaying criticism and small realization, outside the trade, just how far it has carried us.

And yet, because this startling trend probably cannot be avoided in time of all-out war and because Washington is deliberately utilizing it to push an embryonic program of geopolitics for this hemisphere, it is worth investigating both for its immediate effects on our export business and for the possible long-term repercussions on our commercial habits.

The loss of Singapore cut off this country's entire normal supply of rubber and tin, and made deep cuts into its usual receipts from abroad of chrome, tungsten, antimony, spices, vegetable oils, and hemp.

For some of these—rubber, hemp, and spices—there was no other organized source of supply large enough to meet even a small part of the American demand. For others—tin, chrome, tungsten, and antimony—there were other suppliers, though they could meet only a fraction of our swollen wartime needs unless they greatly increased their production.

• **Throwing to the winds** old theories that rubber cannot be raised economically in Brazil because of the scarcity of cheap labor, that Bolivian tin can be smelted effectively only in conjunction with Malayan ore, and that vegetable oil producers can't be grown satisfactorily in the American tropics, though they thrive under similar conditions in southeastern Asia, Washington has set out to build supply sources near home for as many as possible of the raw materials it can no longer get from traditional sources.

And to do this in a hurry, officials—following a plan conceived by Milo Perkins and backed by Vice-President Wallace and Nelson Rockefeller's Inter-American Affairs Office—have begun to place long-term contracts, at specified prices, for products that are most desperately needed.

A five-year agreement to buy Bolivian tin ore, signed nearly two years ago, set the pattern. Rubber came into the picture a little later when Washington helped finance experimental stations in several countries and aided in

the development of plantations in a number of Caribbean and Central American republics.

But the deals that are being made now are the ones that are setting a foreign trade pattern which will extend far beyond the war. A special BEW Mission has just returned to Washington with its report on fibers which Latin America can supply to make up for the loss of such a staple as Manila hemp. Geological missions are scouring Brazil and the Pacific Coast countries for new supplies of tungsten, mica, antimony, manganese, and chrome. Bolivia is being offered a higher price for tin ore in order to up the output and special food missions are studying the possibilities for dehydrating bananas for shipment in a minimum of space.

Milo Perkins has made it plain that he believes that long-term contracts to buy these commodities are necessary to (1) assure the expansion of production, which is necessary if even a part of this country's huge needs for tin, mica, and (2) provide Latin America with the assurance that the purchase program will not suddenly be dropped before expansion costs are written off. Only the pessimists believe that the five- to ten-year contracts now written now, will not outlast the war.

• **The complete control** of all foreign trade that is being set up by Aug. 15 ostensibly is designed to make the most efficient use of our shrinking volume of shipping tonnage that can be spared for the Latin American trade. But it is obvious now to those who are familiar with current planning in Washington that other purposes will be served. Exports and imports are going to move according to a comprehensive hemisphere economic and defense plan.

Exports will not be confined to non-essentials. Where necessary to strengthen hemisphere defenses they will include machinery for steel mills, ordnance plants, and equipment to enlarge metal refineries.

And imports will not stick to the old pattern of bananas, sugar, and cocoa. These will be partially replaced by orders for new kinds of vegetable oil and fibers, and for tungsten, chrome, and mica from new supplies.

• **Whatever the outcome** of this war, it has already convinced some of the most dynamic leaders in this country that, for our own security, it is necessary for us to assume the responsibility for building this hemisphere into a strong economic bloc. The fact that much of the region from the Rio Grande to the southern end of Brazil is tropical, and therefore complementary to our temperate zone economy, simplifies the task.

Business leaders cannot afford to overlook this growing Washington interest in the new science of geopolitics. It is already shaping policies which will carry on long after the war, and will affect more than merely our foreign trade planning.

The Editors of Business Week

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